FILED
No. 96 703 NOV 5 1996
OFFICE OF THE CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, 1996

JIMMY MERCHANT and HERMAN SANTIAGO,

Petitioners,

—v.—

MORRIS LEVY, BIG SEVEN MUSIC CORP., ROULETTE RECORDS, INC., and WINDSWEPT PACIFIC ENTERTAINMENT CO.,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

Robert C. Osterberg
Counsel of Record
Alan J. Hartnick
ABELMAN, FRAYNE & SCHWAB
Attorneys for Petitioner
150 East 42nd Street
New York, New York 10017-5612
(212) 949-9022

91 pp

QUESTIONS PRESENTED FOR REVIEW

1. Does the mandate of the Constitution that limits copyright protection to "authors" and the need to preserve the integrity of the records of the Copyright Office require that an action can be brought at any time during the existence of copyright protection to obtain a declaration of true authorship interests in a registered copyrighted work?

2. Is the state law remedy of an accounting that follows a declaration of joint authorship of a copyrighted work governed by state law principles of limitations rather than Section 507(b) of the Copyright Law which by its terms prescribes only infringement actions?

TABLE OF CONTENTS

PAGE

QUESTIONS PRESENTED FOR REVIEW i

TABLE OF AUTHORITIES v

OPINIONS BELOW 2

JURISDICTION 2

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED 2

STATEMENT OF THE CASE 3

REASONS FOR GRANTING THE WRIT OF CERTIORARI 7

POINT I

THE USE OF THE LIMITATIONS ON INFRINGEMENT ACTIONS TO TIME BAR A DECLARATORY JUDGMENT OF TRUE COPYRIGHT AUTHORSHIP IS CONTRARY TO THE MANDATE OF THE CONSTITUTION AND THE EXPRESS PROVISIONS OF THE COPYRIGHT LAW, IMPAIRS THE EVIDENTIARY VALUE OF THE COPYRIGHT OFFICE RECORDS AND IS CONTRARY TO A CENTURY OF PRECEDENT 8

(a) The Constitution Limits Copyright Protection To Authors. 9

PAGE

(b) Consistent With The Mandate of The Constitution, The Copyright Law Expressly Limits Copyright Protection To True Authors 9

(c) There Is A Paramount Public Interest In Preserving The Integrity Of The Copyright Office Records That Fully Justifies An Unlimited Right To Obtain A Declaration Of True Authorship and Ownership of Copyrights 10

(d) The Application of the Statute of Limitations to Bar The Declaration of True Authorship Is Contrary To A Century of Precedent..... 11

POINT II

THE APPLICATION OF THE COPYRIGHT INFRINGEMENT STATUTE OF LIMITATIONS TO DECLARATORY JUDGEMENT ACTIONS HAS CREATED A DIRECT CONFLICT IN THE CIRCUITS AND AN UNWARRANTED BREAK WITH A CENTURY OF UNIFORM PRECEDENT 12

CONCLUSION..... 16

APPENDIX

Opinion of the United States Court of Appeals for the Second Circuit, Dated August 7, 1996 ..... 1a

Judgment of the United States District Court for the Southern District of New York, Dated June 19, 1995 ..... 15a

PAGE

Opinion of the United States District Court for the Southern District of New York, Dated March 22, 1994 ..... 17a

Opinion of the United States District Court for the Southern District of New York, Dated July 22, 1993 ..... 21a

Memorandum Order of the United States District Court for the Southern District of New York, Dated April 15, 1992 ..... 51a

TABLE OF AUTHORITIES

Cases PAGE

Eckes v. Card Prices Update, 736 F.2d 859 (2d Cir. 1984) 11

Edward B. Marks Music Corp. v. Wonnell, 61 F.Supp. 722 (S.D.N.Y. 1945) 12

Gaste v. Kaiserman, 863 F.2d 1061 (2d Cir. 1988) 10

Goodman v. Lee, 815 F.2d 1030 (5th Cir. 1987) 14

Goodman v. Lee, 78 F.3d 1007 (5th Cir.), *cert. denied*, ___ U.S. ___, 117 S.Ct. 166 (1996) 11, 14

Jackson v. Axton, 25 F.3d 884 (9th Cir. 1994) 12

Jerry Vogel Music Co. v. Forster Music Publisher, Inc., 147 F.2d 614 (2d Cir.), *cert. denied*, 325 U.S. 880 (1945) 12

Oddo v. Ries, 743 F.2d 630 (9th Cir. 1984) 12

Prather v. Neva Paperbacks, Inc., 446 F.2d 338 (5th Cir. 1971) 12

Stone v. Williams, 970 F.2d 1043 (2d Cir. 1992), *cert. denied*, 508 U.S. 906 (1993).....14, 15

Whimsicality, Inc. v. Rubie's Costume Co., 891 F.2d 452 (2d Cir. 1989) 11

Zuill v. Shanahan, 80 F.3d 1366 (9th Cir. 1996), *petition for cert. filed*, 65 U.S.L.W. 3085 (U.S. July 10, 1996) (No. 96-119) 11, 13, 14, 15, 16

Constitutional Provisions and Statutes

U.S. Const. art. I, § 8, cl.8 .....2, 7, 9

PAGE

Copyright Act of 1976
17 U.S.C. § 201(a) 9
17 U.S.C. § 205(c) 10
17 U.S.C. § 302(a), (b)..... 10
17 U.S.C. § 304(a), (c)..... 9
17 U.S.C. § 410(c) 10
17 U.S.C. § 507(b)..... 2, 7
17 U.S.C. § 1101(a), (d) 15

Copyright Act of 1909
17 U.S.C. § 115, *as amended by* Act of Sept. 7, 1957 (current version at 17 U.S.C. § 507(b))..... 11

Other Authorities

1 M&D Nimmer, *Nimmer on Copyrights*, § 1.06[A] (1995 Rel.) 9

1 Howard Abrams, *The Law of Copyright* §102(A) (1996 Rel.) 9

S. REP. NO. 1014, 85th Cong., 1st Sess. 34a-40a (1957) 15

H.R. REP. NO. 150, 85th Cong., 1st Sess. 1-5 (1957). 15

IN THE

Supreme Court of the United States

OCTOBER TERM, 1996

No. 96-___

JIMMY MERCHANT and HERMAN SANTIAGO,

Petitioners,

—v.—

MORRIS LEVY, BIG SEVEN MUSIC CORP., ROULETTE RECORDS, INC., and WINDSWEPT PACIFIC ENTERTAINMENT CO.,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

Petitioners, Jimmy Merchant and Herman Santiago, respectfully pray that a writ of certiorari issue to review the opinion of the United States Court of Appeals for the Second Circuit entered in this action August 7, 1996.

OPINIONS BELOW

The opinions of the United States District Court for the Southern District of New York are reported at 828 F. Supp. 1048 (App 21a-50a), and at 848 F. Supp. 29 (App. 17a-20a). The opinion of the Court of Appeals for the Second Circuit, reversing and remanding with directions to dismiss the complaint, is reported at 92 F.3d 51 (App. 1a-14a).

JURISDICTION

The judgment of the Court of Appeals sought to be reviewed (App.1a) was entered August 7, 1996. Jurisdiction is conferred on this court by 28 U.S.C. § 1254 (1).

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

Article I, Section 8, Clause 8 of the Constitution of the United States provides in pertinent part:

> The Congress shall have Power . . . to promote the Progress of Science and useful Arts, by securing for limited Times to Authors . . . the exclusive right to their respective Writings . . .

Chapter 5 of the Copyright Law entitled "Copyright Infringement and Remedies" provides in Section 507, 17 U.S.C. § 507(b), Limitations on Actions:

> (b) Civil Actions—No civil action shall be maintained under the provisions of this title unless it is commenced within three years after the claim accrued.

STATEMENT OF THE CASE

On October 7, 1987, Petitioners, Jimmy Merchant and Herman Santiago, instituted this suit to obtain a declaration that they are the co-authors of the copyrighted musical work entitled WHY DO FOOLS FALL IN LOVE ("FOOLS") an attendant accounting of royalties and other relief. App. 6a. Jurisdiction was based upon the Declaratory Judgment Act, 28 U.S.C. § 2001, the existence of a federal question in the interpretation of joint authorship under the Copyright Law, 28 U.S.C. § 1331(a) and 17 U.S.C. § 101, and pendant jurisdiction 28 U.S.C. § 1338(a).

FOOLS was registered for copyright in the United States Copyright Office in 1956 by a purported co-author who falsely identified himself and Frankie Lymon ("Lymon") as the sole authors of FOOLS. App. 4a. Lymon was a true co-author. In 1984 FOOLS was duly registered in the Copyright Office for a 47 year renewal copyright in the name of Lymon and thereby was held in trust for all co-authors. The action was tried in part to a jury and in part to the court. App. 6a. The jury found Petitioners to be co-authors with Lymon and co-owners of the renewal copyright in FOOLS. App. 3a. The District Court declared Petitioners to be the owners of an undivided one-half interest in the copyright in FOOLS and awarded Petitioners those monetary damages that accrued within three years of the filing of the complaint in 1987. *Id.* The Court of Appeals reversed and remanded with instructions to dismiss the complaint by extending to declaratory judgments the statute of limitations in the Copyright Law applicable to copyright infringement claims. *Id.* In doing so, the Court of Appeals distinguished a claim of co-authorship from a claim of copyright infringement to change the previously uniform rule that the Copyright Law statute of limitations allows recovery for all wrongful acts that occur within three years prior to filing of the complaint. App.13a-14a.

The Court of Appeals well summarized the factual background essentially as follows.

Petitioners are two of the original members of the singing group "The Teenagers," which was formed in 1955. Petitioners jointly wrote the initial version of FOOLS in 1955. Lymon made a number of changes to FOOLS when he subsequently joined Petitioners' group. At the time Lymon was 12 years old and Petitioners each were 15. App. 3a.

In 1956, The Teenagers recorded FOOLS for Gee Records, then owned and operated by George Goldner, now deceased ("Goldner"). Petitioners relied on Goldner to handle the formalities of copyrighting FOOLS. Goldner informed Petitioners that only two authors could be listed on the copyright registration. Later in 1956, Goldner registered a claim to copyright in FOOLS in the Copyright Office, identifying himself and Lymon as sole co-authors. App. 4a.

Sometime in the 1950's, Lymon agreed to let Goldner exploit Lymon's interest in FOOLS. In 1964, defendant Morris Levy ("Levy") purchased Goldner's interest in several music companies, including the music publishing company that held the copyright in FOOLS. In a letter to the Copyright Office dated June 24, 1965, Goldner stated that Levy, rather than Goldner, had co-authored FOOLS with Lymon. The copyright registration was amended to reflect this statement and, thereafter, the copyright was held by Levy's company, Big Seven Music Corp. Although FOOLS became a hit and continues to be popular today, Petitioners never received any royalties from their co-authorship of FOOLS. App. 4a-5a.

Petitioners reached the age of majority in 1961. On several occasions in the 1960's Petitioners contacted Goldner, and then Levy, to inquire about royalty payments, but to no avail. The jury found that Goldner and Levy deliberately concealed from Petitioners the accrual of royalties. The jury also found that the only period during which Petitioners did not know, and could not have known with the exercise of reasonable

diligence, that royalties to which they were entitled had accrued, lasted from 1955 to 1961, while Petitioners were underage. Petitioners also testified that they were afraid of Levy and that this fear made them reluctant to press their claims. Petitioner Santiago testified that Levy threatened him in 1969, and Petitioner Merchant testified that Levy threatened to kill him when, in 1977, he inquired about royalties. Petitioners claimed that Levy was closely affiliated with organized crime and connected to a number of violent incidents. Levy was convicted in the late 1980's on federal extortion charges and sentenced to ten years in prison. The jury found that Levy threatened Petitioners with physical force and that Petitioners reasonably refrained from commencing suit because of the threats during a period that began in 1969 and lasted until December 24, 1984. App. 5a.

Beginning in the late 1970's, Petitioners took various steps in pursuit of their claim, including hiring an attorney and investigator to look into the status of the copyright in FOOLS. Petitioners did not take formal legal action until 1987, when they commenced this action. App. 5a-6a.

By agreement of the parties, the jury trial focused on the issues of authorship, fraudulent concealment, and duress. The parties also agreed that, based on the jury's findings, the District Court would make final rulings on ownership, statute of limitations, laches, equitable estoppel, and other unrelated issues. App. 6a. The District Court concluded that Petitioners' action "is one for a declaration of copyright ownership and the recovery of the royalties which accompany such ownership. The action is not properly framed as one for copyright infringement, . . . [Petitioners] clearly anticipated that the Levy defendants would exploit the copyright subject to an accounting for royalties." App. 31a. The District Court rejected the laches defense because the Levy defendants knew from the late 1950's the circumstances under which the copyright in FOOLS was registered and attempted, until Levy's death, either to conceal the facts or coerce Petitioners into

abandoning their rights. App. 45a. The District Court also rejected the defense of equitable estoppel because the jury found that Levy and Goldner knew of Petitioners' claim to ownership of the copyright in FOOLS and attempted to conceal the accrual of royalties from Petitioners, and Levy, in part, caused Petitioners' silence and inaction. App. 46a.

With respect to the statute of limitations, the District Court rejected Petitioners' claim set forth in the complaint for payment to petitioner of two thirds of the proceeds from FOOLS on an accounting attendant to the declaratory judgment, and determined that the three year statute of limitations of the Copyright Law applied to bar all recovery, except damages which accrued within three years of the commencement of the action. App. 49a. On a subsequent motion by Windswept Pacific Entertainment Co., the successor-in-interest to the Levy defendants, the District Court limited Windswept's liability to the three year period before it intervened in the action. App. 17a-20a.

The District Court entered judgment in favor of Petitioners declaring them to be the owners of an undivided one-half interest in the copyright in FOOLS, awarded Petitioners damages and interest in the sum of $355,439.72 against the Levy defendants and $216,297.33 against Windswept. App. 16a. All parties appealed and the Court of Appeals reversed the judgment stating, "We agree with Defendants' that [Petitioners'] claim seeking a declaration of co-ownership rights based on their co-authorship of Fools is time barred by the three-year statute of limitations" in the Copyright Law. App. 3a. The Court of Appeals reasoned that because a determination of joint authorship involves construction of the Copyright Law it confers federal subject matter jurisdiction over the entirety of the complaint. App. 12a. The Court of Appeals concluded that the Copyright Law statute of limitations applies to all civil actions under the Copyright Law, not just infringement claims. App. 12a-14a.

The Court of Appeals ruled that the statute barred both a declaration of co-ownership and all attendant remedies by computing the time period from the date of the acts constituting joint authorship counting forward from 1961, rather then counting three years backward from the date of filing the complaint with respect to defendants' continuing false claims. *Id.* In doing so, the Court of Appeals read into the statute of limitations a distinction in application to joint authorship and joint ownership claims that is totally contrary to the singular statutory language; and did not cite or discuss the opposite result recently reached by the Court of Appeals for the Fifth Circuit. The Court of Appeals also did not discuss, and apparently gave no consideration to the fact that by barring Petitioners' claims, a non-author is credited as an author of FOOLS, and a co-owner of the copyright therein, contrary to the mandate of the Constitution and the express provisions of the Copyright Law, or that the integrity of the Copyright Office records concerning FOOLS is materially impaired.

REASONS FOR GRANTING THE WRIT OF CERTIORARI

Questions of joint authorship and ownership abound in all areas of copyright and have become even more prevalent with the application of copyright to computer programs and other new technological writings. The Court of Appeals herein held that the copyright infringement statute of limitations in § 507 of the Copyright Law foreclosed Petitioners' declaratory judgment action seeking correction of a copyright registration fraudulently obtained by a non-author. This decision frustrates the Constitutional mandate limiting copyright protection to authors, art 1, § 8, cl. 8, and is inconsistent with both the Copyright Law and the integrity of the public registry for copyrights.

The purpose of the declaratory judgment correcting false copyright entries should preempt application of any statute of

limitations. If it does not so preempt, the circuits are in conflict as to whether a state or federal statute of limitations should apply to co-ownership claims. The decisions of the Court of Appeals herein and the Ninth Circuit which applied the federal statute, as opposed to the Fifth Circuit which applied a state statute, invade areas of state control and destroy the federal-state balance expressly struck by Congress. This Court should resolve the conflict.

POINT I

THE USE OF THE LIMITATIONS ON INFRINGEMENT ACTIONS TO TIME BAR A DECLARATORY JUDGMENT OF TRUE COPYRIGHT AUTHORSHIP IS CONTRARY TO THE MANDATE OF THE CONSTITUTION AND THE EXPRESS PROVISIONS OF THE COPYRIGHT LAW, IMPAIRS THE EVIDENTIARY VALUE OF THE COPYRIGHT OFFICE RECORDS AND IS CONTRARY TO A CENTURY OF PRECEDENT

The Court of Appeals gave no consideration to the negative effect of its opinion resulting from closing the courtroom doors to a claim of true copyright authorship and ownership three years after the creation of a copyrighted work. As a result, by precluding the declaration in favor of Petitioners, the Court of Appeals has allowed a non-author to be vested with an authorship and ownership interest that is contrary to the Constitutional basis for copyright protection, the express limitations of numerous provisions of the Copyright Law that apply only to authors, the integrity of the official records of the Copyright Office and a century of uniform precedent.

(a) The Constitution Limits Copyright Protection To Authors.

Article I, Section 8, Clause 8 of the Constitution provides the Constitutional basis for copyright protection. It expressly restricts copyright protection to the writings of authors. "The Congress shall have Power . . . to promote the progress of Science and useful Arts, by securing for limited Times to Authors . . . the exclusive Right to their respective Writings . . . " By cutting off the right to establish true authorship and ownership of a copyrighted work through a declaratory judgment action, the Court of Appeals has sanctioned copyright protection for a non-author, Levy, that is beyond the bounds of any copyright protection Congress could enact. 1 M&D Nimmer, *Nimmer On Copyright* § 1.06[A] at 1-44.40 (1995 Rel.) (" . . . under the Constitution, only an "author" is entitled to copyright protection . . ."); 1 Howard Abrams, *The Law of Copyright* § 102(A) at 1-7 (1996 Rel.) ("The Copyright-Patent Clause both prescribes and limits the method which Congress may use to encourage the production of 'Writings' by 'Authors.' The clause insists the grantees of the 'exclusive Right' of copyright must be 'Authors' . . . ").

(b) Consistent With The Mandate of The Constitution, The Copyright Law Expressly Limits Copyright Protection To True Authors

In conformity with the mandate of the Constitution, the Copyright Law expressly limits copyright protection in a work to its true authors. Thus, only an author is initially vested with the copyright in a copyrighted work 17 U.S.C. § 201(a); and only an author is entitled to a renewal and extension of the copyright in a copyrighted work, if the author is alive when the renewal copyright vests *Id.*, at § 304(a), (c).

In barring Petitioners' claims for a declaratory judgment, the Court of Appeals did not attempt to reconcile its sanction

of continued renewal copyright authorship and ownership by Levy, a non-author, and his assignees, with the Constitution or the Copyright Law.

(c) There Is A Paramount Public Interest In Preserving The Integrity Of The Copyright Office Records That Fully Justifies An Unlimited Right To Obtain A Declaration Of True Authorship and Ownership of Copyrights

The United States Copyright Office is a public registry that should be as complete and accurate as possible. It provides copyright owners, copyright users and the public at large with permanent and official records of copyright claims. The certificate of copyright registration is prima facie evidence of the authorship, ownership and validity of a copyright. 17 U.S.C. § 410(c); *Gaste v. Kaiserman,* 863 F. 2d 1061 (2d Cir. 1988). Also, the document recorded in the Copyright Office concerning transfer of copyright interests "gives all persons constructive notice of the facts stated in the recorded document . . . " 17 U.S.C. § 205(c); App. 19a.

A true identification of copyright authorship has become of the highest significance because the 1976 revision of the Copyright Law measures the term of copyright protection by the life of the authors, with only a few inapposite exceptions. 17 U.S.C. § 302(a), (b). Therefore, precluding a declaration of true authorship necessarily alters the true measure of the term of copyright, impairs the ability of the public to obtain from the Copyright Office the true facts concerning the copyright in a falsely registered work and creates an interest in the copyright that is beyond the power of Congress to grant.

The Court of Appeals failed to give any consideration to the established law of its circuit and all other circuits, that "the knowing failure to advise the Copyright Office of facts which might have occasioned a rejection of the [copyright] application constitute[s] reason for holding the registration

invalid . . . " *Whimsicality, Inc. v. Rubie's Costume Co.*, 891 F.2d 452, 456 (2d Cir. 1989), *citing and following Eckes v. Card Prices Update*, 736 F.2d 859 (2d Cir. 1984). In *Whimsicality*, the Court of Appeals "cautioned" applicants that in their submission to the Copyright Office "honesty is the best policy." *Id.* at 456 n.6. Neither *Whimsicality* nor *Eckes* discussed a time limitation on actions to establish or correct the Copyright Office records.

(d) The Application of the Statute of Limitations to Bar The Declaration of True Authorship Is Contrary To A Century of Precedent

We have found no case prior to 1996 that applied a statute of limitations to bar such an action for a declaratory judgment. Similarly, no court prior to 1996 had even suggested that the statute of limitations for infringement claims in the Copyright Law applies to a declaratory judgment action in a way that bars the right to establish true authorship and ownership under circumstances that would not bar an infringement claim. As discussed further in POINT II, *infra*, in 1996, the Court of Appeals for the Ninth Circuit created a conflict in the circuits and disregarded all precedent in concluding that the statute of limitations for infringement claims applies to claims for a declaration of joint authorship and ownership of copyright. *Zuill v. Shanahan*, 80 F.3d 1366 (9th Cir. 1996), *petition for cert. filed*, 65 U.S.L.W. 3085 (U.S. July 10, 1996) (No. 96-119). That conclusion of the Ninth Circuit is in direct conflict with an opinion of the Fifth Circuit filed earlier the same month. *Goodman v. Lee*, 78 F.3d 1007 (5th Cir.), *cert. denied*, ___ U.S. ___, 117 S.Ct. 166 (1996) ("*Goodman 2*"). The Court of Appeals in this case cited and followed the Ninth Circuit without citing, discussing or apparently even considering *Goodman 2*.

The Copyright infringement statute of limitations was first enacted in 1957. 17 U.S.C. § 115, *as amended by* Act of Sept. 7, 1957 (current version at 17 U.S.C. § 507(b)). Prior to the

1957 enactment, all copyright infringement claims were governed by the state statutes of limitations applicable in the forum. *Prather v. Neva Paperbacks, Inc.*, 446 F.2d 338 (5th Cir. 1971). Despite the availability of state statutes of limitations, actions for a declaratory judgment of co-authorship and co-ownership of copyrights were not barred by such statutes. Rather, delay was treated as an evidentiary circumstance bearing upon the strength of the claimant's case. *E.g.*, *Jerry Vogel Music Co. v. Forster Music Publisher, Inc.*, 147 F.2d 614 (2d Cir.), *cert. denied*, 325 U.S. 880 (1945); *Edward B. Marks Music Corp. v. Wonnell*, 61 F.Supp. 722 (S.D.N.Y. 1945). Following the 1957 enactment of the copyright infringement statute of limitations, courts continued to treat co-authorship claims as limited only by equitable considerations arising from the peculiar facts of a case. *E.g.*, *Jackson v. Axton*, 25 F.3d 884 (9th Cir. 1994).

POINT II

THE APPLICATION OF THE COPYRIGHT INFRINGEMENT STATUTE OF LIMITATIONS TO DECLARATORY JUDGMENT ACTIONS HAS CREATED A DIRECT CONFLICT IN THE CIRCUITS AND AN UNWARRANTED BREAK WITH A CENTURY OF UNIFORM PRECEDENT

This Court has not considered the scope and operation of the copyright infringement statute of limitations since its initial enactment in 1957. Neither has this Court considered the proper law to govern an action for a declaratory judgment of copyright interests and attendant remedies. At all times prior to 1996, however, it appeared to be settled at the circuit level that such an action and attendant remedies were governed exclusively by state law. In *Oddo v. Ries*, 743 F.2d 630, 632-33 (9th Cir. 1984), the Court of Appeals stated the general

principles governing joint authorship and ownership rights and remedies as follows:

> A co-owner of a copyright cannot be liable to another co-owner for infringement of the copyright. *Richmond v. Wiener*, 353 F.2d 41, 46 (9th Cir. 1965); *Picture Music Inc. v. Bourne, Inc.*, 314 F.Supp. 640, 646 (S.D.N.Y. 1970), *aff'd* 457 F.2d 1213 (2d Cir.), *cert. denied* 409 U.S. 997, 93 S.Ct. 320, 34 L.Ed.2d 262 (1972). Rather, each co-owner has an independent right to use or license the use of the copyright. *E.g., Meredith v. Smith*, 145 F.2d 620, 621 (9th Cir. 1944); *Edward B. Marks Music Corp v. Jerry Vogel Music Co.*, 140 F.2d 266, 268 (2d Cir. 1944); *Piantadosi v. Loew's, Inc.*, 137 F.2d 534, 537 (9th Cir. 1943); *see generally* Comment, Problems in Co-ownership of Copyrights, 8 UCLA L.Rev. 1035, 1039-47 (1961). A co-owner of a copyright must account to other co-owners for any profits he earns from licensing or use of the copyright, *Shapiro, Bernstein & Co. v. Jerry Vogel Music Co.*, 221 F.2d 569 (2d Cir.), *modified*, 223 F.2d 252 (1955); *Picture Music, Inc.*, 314 F. Supp. at 646-47, but the duty to account does not derive from the copyright law's proscription of infringement. Rather, it comes from "equitable doctrines relating to unjust enrichment and general principles of law governing the rights of co-owners." *Harrington v. Mure*, 186 F.Supp. 655, 657-58 (S.D.N.Y. 1960) (footnote omitted).

In April, 1996, the Court of Appeals for the Ninth Circuit, citing *Oddo*, but not discussing its determination that state law principles govern an action among co-authors and co-owners of copyrights, applied the copyright infringement statute of limitations to a claim seeking a declaration of co-authorship with an attendant accounting, and held the claim to be time barred. *Zuill v. Shanahan*, 80 F.3d 1366 (9th Cir. 1996), *petition for cert. filed*, 65 U.S.L.W. 3085 (U.S. July 10, 1996) (No. 96-119). The court refused to follow or dis-

tinguish a recent Second Circuit opinion that held the statute did not bar a claim of ownership. *Id.* at 1370, *citing Stone v. Williams,* 970 F.2d 1043 (2d Cir. 1992), *cert. denied,* 508 U.S. 906 (1993), as "not controlling authority in this circuit." The court concluded that the copyright infringement statute of limitations applies to such a claim because it is a civil action "maintained" under the Copyright Law. *Id.*, at 1371. The court did not discuss, and apparently was unaware of, the contrary ruling of the Court of Appeals for the Fifth Circuit filed days earlier in *Goodman 2, supra.* The Fifth Circuit concluded that the application of federal law in such an action is limited to a determination of the meaning of joint authorship, and that all other aspects of the claim, including the statute of limitations is governed by state law. As the Fifth Circuit explained in pertinent part, citing numerous uniform precedents, at 1012:

> The applicability of federal law ends with that determination, as Goodman's claim for an accounting is governed in all respects by state law. It is widely recognized that "[a] co-owner of a copyright must account to other co-owners for any profits he earns from the licensing or use of the copyright . . ." Significantly, "the duty to account does not derive from the copyright law's proscription of infringement. Rather, it comes from '. . . general principles of law governing the rights of co-owners.' " As those general principles are rooted in state law, we look to the law of Louisiana for answers to the remaining issues presented by this appeal. (footnotes omitted).

The Court of Appeals is this case cited only an earlier ruling in *Goodman,* on the threshold issue of federal jurisdiction, 815 F.2d 1030, (5th Cir. 1987), but never discussed or even cited the ruling in *Goodman 2.* It appears from the record herein that the arguments of the parties were focused principally on the issue of threshold federal jurisdiction and that the need for dual application of federal and state law was not pre-

sented. Instead the Court of Appeals herein cited and followed *Zuill* as if it were an undisputed authority. The Court of Appeals distinguished its earlier, contrary decision in *Stone*, 970 F.2d 1043, on the basis that the claim therein was not barred by the copyright infringement statute of limitations because it was based on "highly idiosyncratic facts." App. 13a.

The view of the Fifth Circuit clearly is the right one. As part of the 1976 revision of the Copyright Law the copyright infringement statute of limitations was placed in Chapter 5, which is limited to "Copyright Infringement and Remedies." 17 U.S.C. §§ 501-511. That placement expressed a clear Congressional intent to limit applications of the statute to infringement actions. Previously, when first enacted in 1957 as an amendment to the 1909 Copyright Law, it was placed in Chapter 2, which also was limited to "Infringement Proceedings." 17 U.S.C. §§ 101-116. The legislative history to the initial enactment reveals consideration of application of the statute to only infringement actions. *E.g.*, S. REP. NO. 1014, 85th Cong., 1st Sess., 34a-40a (1957), *reprinted in* 1957 U.S.C.C.A.N. 1961-66; H.R. REP. NO. 150, 85th Cong., 1st Sess., 1-5 (1957).

The balance struck by Congress in providing a statute of limitations for infringement actions only, and leaving issues of ownership to be governed by state law is not only consistent with a century of precedent, it is a reflective of a deliberate choice which Congress employed again in 1996 when it added a Chapter 11 to the Copyright Law. 17 U.S.C. § 1101, Pub L. No. 103-465, Title V, § 512, Dec. 8, 1994, 108 Stat. 4974. By that enactment, Congress chose to provide a federal claim for unauthorized recordings of a live musical performance that incorporates certain infringement remedies, but excludes the infringement statute of limitations and preserves all state law rights and remedies applicable to the unauthorized conduct. *Id.*, at (a), (d).

The Court of Appeals in this case and in *Zuill* failed to give due consideration to the limits of federal jurisdiction when it is based solely on a threshold issue, such as co-authorship. Although the threshold issue requires construction of the Copyright Law, the claim has no other basis in federal law. The failure of the Court of Appeals in this case to apply the appropriate state laws, even though not directly raised by Petitioners, is a mistake of law. The orderly administration of justice requires that this Court settle the dispute in the circuits resulting from the unprecedented decisions of the Second and Ninth Circuits. Their departure from century old precedent, contrary to the Constitutional mandate, the express provisions of the Copyright Law and the need for accuracy in the Copyright Office records, should not be allowed to continue. The inevitable result of their view is the sanction of false and fraudulent public records that benefit no one except wrongdoers such as the Levy defendants.

CONCLUSION

For the foregoing reasons, Petitioners Jimmy Merchant and Herman Santiago, pray that this Court grant a Writ of Certiorari to review the opinion of the Court of Appeals for the Second Circuit.

Respectfully submitted,

Robert C. Osterberg
Counsel of Record
Alan J. Hartnick
ABELMAN, FRAYNE & SCHWAB
Attorneys for Petitioner
150 East 42nd Street
New York, New York 10017-5612
(212) 949-9022

UNITED STATES COURT OF APPEALS

FOR THE SECOND CIRCUIT

Nos. 1322, 1653, 1768—August Term 1995

Argued: May 2, 1996 Decided: August 7, 1996

Docket Nos. 95-7763(L), -7765(CON), -7767(XAP)

JIMMY MERCHANT and HERMAN SANTIAGO,

Plaintiffs-Appellees-Cross-Appellants,

—v.—

MORRIS LEVY, BIG SEVEN MUSIC CORP. and ROULETTE RECORDS, INC.,

Defendants-Appellants-Cross-Appellees,

—and—

WINDSWEPT PACIFIC ENTERTAINMENT CO.,

Intervenor-Defendant-Appellant-Cross-Appellee.

Before:

NEWMAN, *Chief Judge,*
FEINBERG and OAKES, *Circuit Judges.*

Appeal from the June 28, 1995, judgment of the United States District Court for the Southern District of New York (Naomi Reice Buchwald, Chief Magistrate Judge), upholding claims of co-authorship of song written in 1955. Appellants contend that suit is barred by statute of limitations.

Reversed and remanded with directions to dismiss the complaint.

JAMES B. SHEINBAUM, New York, N.Y., Scott L. Baker, New York, N.Y. (Leon B. Borstein, Borstein, Sheinbaum & Lurie, New York, N.Y.; Alan L. Shulman, Silverman & Shulman, New York, N.Y., on the briefs), *for defendants-appellants-cross-appellees, Morris Levy, Big Seven Music Corp., Roulette Records, Inc., and intervenor-defendant-appellant cross-appellee Windswept Pacific Entertainment Co.*

ROBERT W. CINQUE, New York, N.Y. (James P. Cinque, Cinque & Cinque, New York, N.Y., on the brief), *for plaintiffs-appellees-cross-appellants.*

JON O. NEWMAN, *Chief Judge*:

This appeal concerns the appropriate time period in which those claiming to be co-authors of a work whose copyright is registered to another person may sue to establish their co-ownership rights. Defendants-

appellants-cross-appellees Morris Levy, Big Seven Music Corp., and Roulette Records, Inc. (the "Levy Defendants") and Intervenor-defendant-appellant-cross-appellee Windswept Pacific Entertainment Co. ("Windswept") (collectively the "Defendants") appeal from the judgment of the District Court for the Southern District of New York (Naomi Reice Buchwald, Chief Magistrate Judge) entered on June 28, 1995. After a trial on the issue of liability was held in part before a jury and in part before the Court, the Court declared plaintiffs-appellees-cross-appellants Jimmy Merchant and Herman Santiago ("Plaintiffs") co-authors with Frankie Lymon of the well-known musical composition *Why Do Fools Fall in Love* ("*Fools*"), and co-owners of the copyright therein. *Merchant v. Lymon*, 828 F. Supp. 1048 (S.D.N.Y. 1993). The Court awarded Plaintiffs an undivided one-half interest in the copyright of *Fools* and monetary damages that accrued within three years of the filing of the lawsuit. We agree with Defendants that Plaintiffs' claim seeking a declaration of co-ownership rights based on their co-authorship of *Fools* is time-barred by the three-year statute of limitations, and we therefore reverse the judgment of the District Court.

Background

Plaintiffs Merchant and Santiago are two of the original members of the singing group "The Teenagers," which was formed in 1955. Plaintiffs testified that in 1955 they jointly wrote the initial version of the song *Fools*. Frankie Lymon made a number of changes to the song when he subsequently joined the group, which then became known as "Frankie Lymon and The Teenagers." The jury found that Merchant, Santiago, and Lymon

were co-authors of *Fools*. At the time Lymon was 12 years old and Plaintiffs were each 15.

In 1956 the Teenagers recorded *Fools* for Gee Records, then owned and operated by George Goldner, now deceased. Plaintiffs testified that they relied upon Goldner to handle the formalities of copyrighting the song, and that Goldner informed them that only two of the three authors could be listed on the copyright. Subsequently, Goldner filed the *Fools* copyright with the Copyright Office in 1956, listing himself and Lymon as sole co-authors. The Levy Defendants maintain that Goldner was properly listed as an author because he was personally involved in writing and arranging *Fools*. The Levy Defendants also contend that Goldner was a co-author of *Fools* under the "work for hire" doctrine because, during the *Fools* recording session, a saxophone solo composed by a studio musician was incorporated into the song. The jury, however, found that Goldner was not an author of *Fools*.

Sometime in the 1950s Lymon agreed to let Goldner exploit Lymon's interest in the song. In 1968 Lymon died, survived by his wife Emira Lymon.

In 1964, defendant Morris Levy purchased Goldner's interest in several music companies, including the music publishing company that held the copyright for *Fools*. In a letter to the Copyright Office dated June 24, 1965, Goldner stated that Levy, rather than Goldner, had co-authored *Fools* with Lymon. The copyright registration was amended to reflect this statement and, thereafter, the copyright was held by Levy's company, Big Seven Music.[1]

---

[1] Plaintiffs state that defendant Roulette Records, Inc., another company owned by Levy, participated in wrongfully withholding from Plaintiffs their interest in the copyright.

Although *Fools* became a hit and continues to be popular today (Diana Ross has recorded a popular version), Plaintiffs have never received any royalties from their claimed co-authorship of *Fools*.

Plaintiffs reached the age of majority in 1961. They testified that on several occasions in the 1960s they contacted Goldner, and then Levy, to inquire about royalty payments, but to no avail. The jury found that Goldner and Levy deliberately concealed from Plaintiffs the accrual of royalties. The jury also found, however, that the only period during which Plaintiffs did *not* know, and could not have known with the exercise of reasonable diligence, that royalties to which they were entitled had accrued lasted from 1955 to 1961, while Plaintiffs were underage.

Plaintiffs also testified that they were afraid of Levy and that this fear made them reluctant to press their claims. Santiago testified that Levy threatened him in 1969, and Merchant testified that Levy threatened to kill him when, in 1977, he inquired about royalties. Plaintiffs assert that Levy was closely affiliated with organized crime and connected to a number of violent incidents. Levy was convicted in the late 1980s on federal extortion charges and sentenced to ten years in prison. The jury found that Levy threatened Plaintiffs with physical force and that Plaintiffs reasonably refrained from commencing suit because of the threats during a period that began in 1969 and lasted until December 24, 1984.[2]

Beginning in the late 1970s, Plaintiffs took various steps in pursuit of their claim, including hiring an attor-

---

[2] On that date Plaintiffs' former attorney filed a letter with the Copyright Office challenging the registration of another song allegedly written by Plaintiffs that Goldner had transferred to Levy's name.

ney and investigator to look into the status of the copyright. Plaintiffs did not take formal legal action, however, until 1987.

A. Procedural History

Plaintiffs brought the instant Complaint against the Levy Defendants and Emira Lymon on October 7, 1987.[3] Plaintiffs asked for a declaration that they were co-owners with Lymon of the copyright to *Fools* and for an accounting of royalties. Plaintiffs also alleged copyright infringement, Sherman Act and Lanham Act violations, unfair competition, fraud and misappropriation, and negligence and breach of fiduciary duty. Before trial the District Court (Vincent L. Broderick, Judge) dismissed all claims against Emira Lymon, but allowed the action to proceed against the Levy Defendants.

By agreement of the parties, trial was held in part before a jury and in part before now-Chief Magistrate Judge Buchwald. The jury's findings, as already noted, focused on the issues of authorship, fraudulent concealment, and duress. The parties agreed that, based on the jury's findings, the Court would make final rulings on whether Plaintiffs were entitled to an ownership interest in the *Fools* copyright, and would decide issues relating to the statute of limitations, equitable estoppel, and laches. The Court was also to decide, as fact-finder, whether Plaintiffs were entitled to judgment on their copyright infringement, Lanham Act, and common law unfair competition claims.[4]

---

[3] Broadcast Music, Inc. was also initially included as a defendant.

[4] The other law claims had been previously dismissed for various reasons, and are not at issue on this appeal.

After the jury's verdict, the Levy Defendants argued in post-trial motions that they were entitled to a new trial on the co-authorship issue, and to judgment as a matter of law (a) that the doctrines of laches and equitable estoppel barred Plaintiffs' claims and (b) that Plaintiffs were not victims of duress.

The Court denied the Levy Defendants' motion for a new trial on the co-authorship issue, ruling that the jury's findings were well-supported. *Merchant*, 828 F. Supp. at 1058. The Court then granted judgment in favor of the Levy Defendants on the claims of copyright infringement, Lanham Act violations, and unfair competition. *Id.* at 1058-60.

The Court granted Plaintiffs' basic request for a declaration of copyright co-ownership, rejecting the three defenses advanced by the Levy Defendants, all based on the long delay in Plaintiffs' assertion of their claim.

1. *Duress and Statute of Limitations.* The Court interpreted the three-year statute of limitations, applicable to civil copyright actions, 17 U.S.C. § 507(b), as limiting Plaintiffs' recovery to damages accruing within three years of the filing of the suit, rather than as an absolute bar to Plaintiffs' cause of action. *Merchant*, 828 F. Supp. at 1056. The important question for the Court then became whether the statute of limitations had been tolled for any period before the filing of the suit, thereby allowing Plaintiffs to recover damages that accrued even prior to three years before the suit. *Id.*

The Court held that in order to toll a statute of limitations, "the duress experienced by the injured party must have been operating at the time the original cause of action arose and must be continuous." *Id.* at 1061. The Court then found that from 1961, the time the cause

of action arose (after Plaintiffs' majority), until at least 1969, the time of the alleged threat to Santiago, there was no evidence of duress, and therefore Plaintiffs were not entitled to a toll of the statute of limitations. *Id.* at 1061-62. The Court also overturned the jury's finding that Plaintiffs' fear reasonably lasted from 1969 until December 1984. The Court did not identify a specific date beyond which Plaintiffs' fear reasonably could not last, but indicated that any coercive effects dissipated in the late 1970s and early 1980s, when Plaintiffs were publicly acknowledging that Levy had "bilked" them out of their royalties. *Id.* Since the claim of duress was not available to toll the statute of limitations, the Court concluded that Plaintiffs were limited to damages that had accrued within three years of the suit. *Id.* at 1063.

2. *Laches*. Responding to the Levy Defendants' laches defense, the Court, relying on equity's "clean hands" principle, refused to allow the Levy Defendants to profit from their "untoward actions" by asserting laches. *Id.* at 1064.

3. *Equitable Estoppel.* As to equitable estoppel, which requires proof that a defendant was misled into justifiably believing that a plaintiff would not pursue its claims against the defendant, the Court determined that the Levy Defendants offered no evidence that Plaintiffs acted in a manner that justified a belief on the part of the Levy Defendants that their copyright was free from challenge. *Id.*

B. Subsequent Proceedings

The Court subsequently amended its opinion to modify the liability of Windswept, which had intervened after acquiring the rights to *Fools* that Levy had

acquired from Lymon. The Court ruled that Windswept was liable only for damages accruing since February 25, 1990, three years before its intervention. *Merchant v. Lymon*, 848 F. Supp. 29 (S.D.N.Y. 1994).

In the final judgment entered on June 26, 1995, the Court awarded Plaintiffs an undivided one-half interest in the copyright to *Fools*.[5] The Court also ordered the Levy Defendants and Windswept to pay money damages to Plaintiffs.

On this appeal Defendants challenge the District Court's subject matter jurisdiction, and also argue that the District Court erred in not dismissing the action for a declaration of copyright co-ownership as barred by the statute of limitations or laches. Defendants additionally contend that Plaintiffs failed to establish that they are joint authors of *Fools*. Plaintiffs cross-appeal, arguing that the Court should have applied the tolling doctrine of equitable estoppel to allow Plaintiffs to recover damages accruing from 1969 to 1984, the period during which the jury had found that Plaintiffs were subject to duress.

Discussion

I. Subject Matter Jurisdiction

Defendants challenge the Court's subject matter jurisdiction, contending that the Complaint failed to allege a federal cause of action. Specifically, Defendants contend that (1) a claim for a declaration of co-ownership rights

---

[5] Although Plaintiffs contended that they were each entitled to a one-third share of the *Fools* copyright, the Court determined that only the one-half share of the copyright owned by the Levy Defendants at the commencement of the action was available as a joint remedy for Plaintiffs, since Emira Lymon previously had been dismissed from the suit.

to a copyright is not a federal cause of action, and (2) Plaintiffs' other allegations based on federal law failed to state a proper claim. We reject both contentions.

Federal courts have exclusive original jurisdiction over actions arising under the federal copyright laws. *See* 28 U.S.C. § 1338(a). As Judge Friendly has explained, an action "arises under" the copyright laws "if the complaint is for a remedy expressly granted by the [Copyright] Act, . . . or asserts a claim requiring construction of the Act . . . or, at the very least and perhaps more doubtfully, presents a case where a distinctive policy of the Act requires that federal principles control the disposition of the claim." *T.B. Harms Co. v. Eliscu*, 339 F.2d 823, 828 (2d Cir. 1964), *cert. denied*, 381 U.S. 915 (1965). Plaintiffs' action seeking to establish their rights to copyright co-ownership because of their status as co-authors of a joint work falls well within these jurisdictional boundaries.

The Copyright Act provides that "[c]opyright in a work protected under this title vests initially in the author or authors of the work. The authors of a joint work are co[-]owners of copyright in the work." 17 U.S.C. § 201(a).[6] Unlike a case where a dispute as to copyright ownership arises under an agreement between the parties, resolution of which depends on state contract law, *see, e.g., Keith v. Scruggs*, 507 F. Supp. 968, 971

---

[6] Plaintiffs' right to co-ownership of the *Fools* copyright is technically determined by reference to the Copyright Act of 1909, Pub. L. No. 60-349, ch. 320, 35 Stat. 1075 (1909), rather than the Copyright Act of 1976, Pub. L. No. 94-553, 90 Stat. 2541 (1976) (codified at 17 U.S.C. § 101 *et seq.* (1994)), since *Fools* was created and copyrighted before the 1976 Act went into effect, *see Roth v. Pritikin*, 710 F.2d 934, 938 (2d Cir.), *cert. denied*, 464 U.S. 961 (1983). However, because there is no material difference between the two Acts for the purposes of our analysis or result, for ease of reference we cite to the present Act, unless otherwise specifically noted.

(S.D.N.Y. 1981), copyright ownership by reason of one's status as a co-author of a joint work arises directly from the terms of the Copyright Act itself. Because disposition of this case "involves the application and interpretation of the copyright ownership provisions . . . federal jurisdiction . . . [is] proper." *Goodman v. Lee*, 815 F.2d 1030, 1031-32 (5th Cir. 1987); *see Lieberman v. Estate of Chayefsky*, 535 F. Supp. 90, 91 (S.D.N.Y. 1982); *see also* 3 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright*, § 12.01[A] at 12-13 (1994) ("*Nimmer*") ("better view" that "in an action for a declaratory judgment to establish the plaintiff as the defendant's co-author and for an accounting based thereon, . . . federal jurisdiction is exclusive" (footnotes omitted)).

Defendants agree with Judge Friendly's formulation of the scope of federal jurisdiction, but contend that since neither "author," "joint author," nor "joint work" are defined in the Copyright Act of 1909, the resolution of Plaintiffs' claim does not depend on a construction of the copyright laws.[7] This argument is without merit. Defendants are under the mistaken impression that courts "construe" only those terms already defined in a statute. Windswept raises the additional contention that only the factual determination of whether Plaintiffs participated in composing the song is at issue in this case, and therefore construction of the copyright statute is not required. We disagree. Defendants offer a number of arguments as to why Plaintiffs' contribution to the song is legally insufficient to make them joint authors (such as whether Plaintiffs' contribution was sufficiently original), and why Goldner's contribution sufficed to make

---

[7] Although the Copyright Act of 1976 also does not define either "author" or "joint author," it contains a definition of "joint work." 17 U.S.C. § 101.

him a joint author (for example, based on the "work for hire" doctrine, 17 U.S.C. § 201(b)). The resolution of these arguments involves construing the Act. *See, e.g., Childress v. Taylor*, 945 F.2d 500, 505-09 (2d Cir. 1991).

Since the District Court's subject matter jurisdiction over Plaintiffs' claim for a declaration of copyright co-ownership is sufficient to confer jurisdiction over the entirety of Plaintiffs' Complaint, there is no need to consider Defendants' jurisdictional attack on Plaintiffs' other claims. Nevertheless, to the extent that Defendants are contending that other claims were not properly pleaded as federal claims, we note that as a general rule "the failure to state a proper cause of action calls for a judgment on the merits and not for a dismissal for want of jurisdiction." *Bell v. Hood*, 327 U.S. 678, 682 (1946).

II. Statute of Limitations

We come finally to the dispositive issue. Plaintiffs filed the instant suit in 1987, primarily seeking a declaration of their copyright ownership rights and an accounting of profits. Civil actions under the Copyright Act are subject to a three-year statute of limitations. 17 U.S.C. § 507(b). Defendants argue that since Plaintiffs did not institute suit for a declaration of copyright co-ownership within three years of the accrual of their claim, they are now time-barred.

A cause of action accrues when a plaintiff knows or has reason to know of the injury upon which the claim is premised. *Stone v. Williams*, 970 F.2d 1043, 1048 (2d Cir. 1992), *cert. denied*, 508 U.S. 906 (1993). The jury found that Plaintiffs were charged with knowledge of their claim as of 1961, the year they attained the age of majority. Thus, Plaintiffs' claim accrued in 1961, but

they did not initiate suit until 26 years later. Though Plaintiffs contend on appeal that the statute was tolled, the basis for such tolling, duress, did not arise until 1969, ending in 1984. By 1969, however, the three-year statute of limitations had long since expired.

The District Court nevertheless awarded Plaintiffs a declaration of co-ownership rights and damages for a time period beginning three years before the commencement of their suit. The Court relied on our decision in *Stone*, *supra*. That decision, however, which was based on "highly idiosyncratic facts," 3 *Nimmer*, *supra*, § 12.05 at 12-108 n.2.2, does not insulate all civil actions under the copyright law from the general three-year statute of limitations. Rather, *Stone* stands for the narrow proposition that, in certain situations, the statute of limitations will not be applied to defeat the copyright co-ownership claim of an author's relative accruing more than three years before the lawsuit where uncertainty surrounded the relative's status as a member of the author's family. Instead, if the relative prevails on the merits and if the equities permit, the Court will grant the relative a declaration of copyright co-ownership, but permit damages only for the period starting three years prior to the suit. *See Stone*, 970 F.2d at 1051.

Unlike *Stone*, where the copyright co-ownership claim was based on plaintiff's uncertain status as an heir, no similar uncertainty exists as to co-ownership rights based on co-authorship. A co-author knows that he or she jointly created a work from the moment of its creation. Accordingly, the concerns motivating our decision in *Stone* are not present here. We hold that plaintiffs claiming to be co-authors are time-barred three years after accrual of their claim from seeking a declaration of copyright co-ownership rights and any remedies that

would flow from such a declaration. *See Zuill v. Shanahan*, 80 F.3d 1366, 1369 (9th Cir. 1996). Our conclusion promotes the principles of repose integral to a properly functioning copyright market.[8] Plaintiffs' suit is therefore barred by the statute of limitations, and we need not discuss the other issues advanced by the parties. The judgment of the District Court is reversed, and the case is remanded with directions to dismiss the complaint.

---

[8] We note that Plaintiffs' cause of action is not based on copyright infringement, a point Plaintiffs do not contest on appeal. Our holding here does not disturb our previous rulings that a copyright owner's suit for infringement is timely if instituted within three years of each infringing act for which relief is sought, but recovery is barred for any infringing acts occurring more than three years prior to suit. *See, e.g., Stone*, 970 F.2d at 1049-50 (citing *Mount v. Book-of-the-Month Club, Inc.*, 555 F.2d 1108, 1110-11 (2d Cir. 1977)).

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

---

87 Civ. 7199 (VLB)(NRB)
Filed June 26, 1995

JIMMY MERCHANT and HERMAN SANTIAGO,

Plaintiffs,

—against—

EMIRA LYMON, MORRIS LEVY, BIG SEVEN MUSIC CORP., ROULETTE RECORDS, INC., and BROADCAST MUSIC, INC.,

Defendants.

JUDGMENT

A trial of the issue of liability having been held in part before a jury and in part before the Court, from November 10-16, 1992, and the jury having answered special verdict questions, and the Court having rendered its decision on July 23, 1993 (828 F. Supp. 1048), and the parties having waived their rights to a jury trial on the remaining issue of damages, and a trial having been held before this court on November 14 and 15, 1994, and the Court having rendered its decision in writing on April 10, 1995, it is

ORDERED, ADJUDGED AND DECREED, that plaintiffs Jimmy Merchant and Herman Santiago are co-authors with Frank Lymon of the musical composition "Why Do Fools Fall

in Love?" (hereinafter "Fools") and as such plaintiffs own an undivided one-half interest in and to the copyright in "Fools," and it is further

ORDERED, ADJUDGED AND DECREED that plaintiffs Jimmy Merchant and Herman Santiago have judgment against defendant Morris Levy and/or his Estate, Big Seven Music Corp. and Roulette Records, Inc., in the amount of $245,155.00 plus pre-judgment interest thereon at the 52 week T-Bill rate compounded annually from September 21, 1988 to May 20, 1995 in the total amount of $110,284.72 for a total judgment in the amount of $355,439.72 plus post-judgment interest from May 20, 1995, and it is further

ORDERED, ADJUDGED AND DECREED that plaintiffs Jimmy Merchant and Herman Santiago have judgment against defendant Windswept Pacific Co. in the amount of $209,293.00 plus prejudgment interest thereon at the 52 week T-Bill rate compounded annually from September 30, 1994 to May 20, 1995 in the total amount of $7,004.34 for a total judgment in the amount of $216,297.33 plus post-judgment interest from May 20, 1995 pursuant to 28 U.S.C. § 1961.

DATED: New York, New York
June 19, 1995

/s/ NAOMI REICE BUCHWALD
NAOMI REICE BUCHWALD
CHIEF MAGISTRATE JUDGE

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

---

87 Civ. 7199 (VLB)(NRB)

JIMMY MERCHANT and HERMAN SANTIAGO,

Plaintiffs,

—against—

EMIRA LYMON, MORRIS LEVY, BIG SEVEN MUSIC CORP., ROULETTE RECORDS, INC., and BROADCAST MUSIC, INC.,

Defendants.

OPINION

NAOMI REICE BUCHWALD
CHIEF MAGISTRATE JUDGE

After a five-day trial in the above-captioned action, held from November 10, 1992 through November 16, 1992, a jury returned a special verdict finding that plaintiffs Jimmy Merchant and Herman Santiago were co-authors, with Frank Lymon, of the hit song *Why Do Fools Fall in Love?* ("*Fools*").[1] In addition, the jury found that plaintiffs were prevented from commencing a lawsuit for copyright royalties

---

[1] On September 25, 1992, both parties consented to the jurisdiction of a United States Magistrate Judge for all purposes pursuant to 28 U.S.C. § 636(c) and Fed. R. Civ. P. 73.

because of a reasonable fear of retribution lasting from 1969 until December 24, 1984.

Thereafter, on December 15, 1992, defendants Levy, Big Seven Music Corp., and Roulette Records, Inc. (collectively referred to as the "Levy defendants")[2] filed a multi-faceted post-trial motion. Of particular relevance here was their application for judgment as a matter of law pursuant to Fed. R. Civ. P. 50 on the ground that plaintiffs were not entitled to a tolling of the statute of limitations as a matter of law, or alternatively, for the entirety of the period found by the jury. In an Opinion dated July 22, 1993 (the "July 22 Opinion"), this Court granted defendants' motion in relevant part. *See Merchant v. Lymon*, 828 F. Supp. 1048 (S.D.N.Y. 1993). Specifically, we held that duress must constitute an integral part of the cause of action in order to justify a tolling of the statute of limitations. Alternatively, we found that the jury's verdict was not supported by the evidence. Furthermore, based on the Copyright Act's statute of limitations, 17 U.S.C. § 507(b), we held that plaintiffs could only recover for damages accruing within three years of October 7, 1987, the day that plaintiffs filed their complaint. *See Stone v. Williams*, 970 F.2d 1043, 1051 (2d Cir. 1992), *cert. denied*, 113 S. Ct. 2330 (1993).

On January 7, 1993, Windswept Pacific Entertainment Co. ("Windswept"), which acquired ownership of the *Fools* copyright in 1988, moved to intervene for all purposes under Fed. R. Civ. P. 24(a). Plaintiffs consented to Windswept's application. On February 25, 1993, Windswept filed its answer, pursuant to leave granted on February 4, 1993. Windswept now moves for this Court to amend its July 22 Opinion to state explicitly that Windswept is only liable for damages accruing since February 25, 1990, three years before its intervention in this action.

---

[2] Judge Broderick dismissed defendants Broadcast Music, Inc. and Elmira Lymon from this action on February 2, 1992 and April 15, 1992, respectively.

DISCUSSION

For reasons unknown to us, plaintiffs never sought to join Windswept as a defendant even though they knew that Windswept had acquired ownership of the *Fools* copyright after their complaint was filed.[3] In fact, to this date, plaintiffs have offered no explanation for their failure to join Windswept in a timely manner. Rather, in opposing this motion, plaintiffs' position is that Windswept was at fault for failing to intervene sooner. (Pls.' Mem. Opp. Mot. of Def. Windswept at 4-6.)

We reject plaintiffs' contention. Responsibility for failure to join Windswept must be placed squarely with plaintiffs. The Copyright Act specifically states that "[r]ecordation of a document in the Copyright Office gives all persons constructive notice of the facts stated in the recorded document. . . ." 17 U.S.C. § 205(c). *See generally* 3 Nimmer on Copyright § 10.07, 10-51 - 10-70 (1993) ("Recordation of Transfers"). For a small fee, plaintiffs could have requested that the Copyright Office conduct a search for the current owner of the *Fools* copyright. 17 U.S.C. § 705(c).[4] Such a search would have revealed a recorded transfer of copyright interest to Windswept on October 14, 1988. Because plaintiffs had the knowledge and capacity to join Windswept in a timely fashion, there is no reason that the calculation of the limitations period ought not to run from the date that Windswept became a party to the action.

---

[3] Plaintiffs' counsel was present at pre-trial conferences at least as early as May 4, 1992 where the fact that Big Seven Music Corp. had sold the *Fools* copyright to Windswept was specifically discussed.

[4] This section provides that

> Upon request and payment of the fee specified by section 708, the Copyright Office shall make a search of its public records, indexes, and deposits, and shall furnish a report of the information they disclose with respect to any particular deposits, registrations, or recorded documents.

CONCLUSION

Based on the statute of limitation applicable in copyright cases, Windswept is liable only for damages accruing since February 25, 1990. Defendant's motion is granted.

IT IS SO ORDERED.

DATED: New York, New York
March 22, 1994

/s/ NAOMI REICE BUCHWALD
NAOMI REICE BUCHWALD
CHIEF MAGISTRATE JUDGE

Copies of the foregoing Opinion have been mailed on this date to the following:

Bruce Gold, Esq.
8 Elf Road
Syosset, New York 11791

Ira G. Greenberg, Esq.
Edwards & Angell
750 Lexington Avenue, 12th Floor
New York, New York 10022

Alan L. Shulman, Esq.
Silverman & Shulman, P.C.
136 East 57th Street
New York, New York 10022

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

87 Civ. 7199 (VLB) (NRB)

JIMMY MERCHANT AND HERMAN SANTIAGO,

Plaintiff,

—against—

EMIRA LYMON, as Widow and Administratrix of the Estate of FRANK LYMON, MORRIS LEVY, BIG SEVEN MUSIC CORP., ROULETTE RECORDS, INC., and BROADCAST MUSIC, INC.,

Defendants.

OPINION

NAOMI REICE BUCHWALD
UNITED STATES MAGISTRATE JUDGE

This litigation is primarily an action for a declaration of rights to the copyright of the hit song *Why Do Fools Fall in Love?* ("*Fools*"). In their complaint, filed in 1987, plaintiffs claim, *inter alia*, that the copyright registration, as filed and as amended, inaccurately attributes authorship credit for *Fools* and that they are co-authors of the song with Frank Lymon. As co-authors, each plaintiff asserts a claim to an ownership share of the *Fools* copyright and a proportionate share of the royalties earned from its exploitation.

Plaintiffs are two of the original members of the singing group, Frankie Lymon and the Teenagers—comprised also of Lymon, Joe Negroni and Sherman Garnes, each now

deceased—who in 1956 recorded *Fools* for Gee Records, then owned and operated by George Goldner, also now deceased. Contemporaneously with the recording of *Fools*, Goldner allegedly informed plaintiffs that he would handle the formalities of copyrighting the song, and, later, that only two of the three authors could be listed on the copyright. Subsequently, Goldner filed the *Fools* copyright with the Copyright Office in 1956, initially listing himself and Lymon as sole co-authors.[1] In the years between the release of *Fools* and the initiation of the current lawsuit, plaintiffs inquired about their interest in *Fools* on a number of occasions, but took no formal legal action until the filing of this lawsuit.

Prior to the parties consenting to trial before a United States Magistrate Judge, the defendants moved for summary judgment predicated on various affirmative defenses arising from plaintiffs' delay in bringing this action. Of particular relevance here are defendants' arguments that plaintiffs' claims are barred by the statute of limitations and the doctrines of laches and equitable estoppel. Plaintiffs countered that they were entitled to a tolling of the statute of limitations due to the defendants' fraudulent concealment and exercise of duress over plaintiffs. Specifically, plaintiffs maintain that Levy told them that they were owed nothing and, on two occasions, that if they persisted in their inquiries he would have them killed. In addressing these arguments, Judge Broderick identified four salient factors concerning plaintiffs' delay:

> (1) plaintiffs' lack of sophistication about the music business, including the fact that plaintiffs were 15 at the time they recorded *Fools* and both had limited education;

---

[1] In 1964, defendant Morris Levy purchased Goldner's interest in several music companies, including Gee Records and Patricia Music, a music publishing company which held the copyright for *Fools*. On June 24, 1965, Goldner stated in a letter to the Copyright Office that Levy, rather than Goldner, had co-authored *Fools* with Lymon. The copyright registration was amended to reflect this statement and, thereafter, the copyright was held by Levy's company, Big Seven Music Inc. Levy, Big Seven Music Inc. and Roulette Records, Inc., another company owned by Levy, are referred to collectively as "the Levy defendants".

(2) fraud perpetrated against plaintiffs by George Goldner, Morris Levy and their affiliates concerning the ownership of the *Fools* copyright; (3) fear that pressing their claims could result in violence from Morris Levy; and, (4) the fact that plaintiffs, even taking into account all of the above factors, clearly slept on their rights.

Memorandum Order dated April 15, 1992 at p.6 (the "April 15 Order), reaffirmed on September 18, 1992, (the "September 18 Order").

With respect to whether the doctrine of fraudulent concealment tolled the running of the statute of limitations, the court found that genuine issues of material fact existed as to whether Goldner, Levy and their affiliates deliberately concealed from plaintiffs the existence of plaintiffs' cause of action and deliberately diverted the *Fools* royalties. April 15 Order at 8. The court also found that factual issues existed as to when plaintiffs knew or should have known that they were being defrauded. *Id.*

Addressing the issue of whether plaintiffs were entitled to a duress tolling to the statute of limitations because of their fear that Levy would retaliate to a lawsuit with violence, Judge Broderick held, as an initial matter, that recognition of the duress toll was consistent with the purposes of the Copyright Act and that New York, as the forum state, provided the relevant rule of decision. The court noted that, under New York law, a duress tolling was only applicable where "duress is part of the cause of action alleged." *Id.* at 11 (citation omitted). Applying this restriction, the court postulated that the entire course of the 37 year relationship between the parties and the manner in which plaintiffs assert that title to the *Fools* copyright was acquired by the defendants "suggests a continuing pattern of duress which was directed not only toward preventing plaintiffs from suing, but toward allowing defendants to acquire and hold title to the *Fools* copyright." *Id.* at 15. Therefore, despite the fact that plaintiffs asserted no claims which explicitly had duress or coercion as an element, the court found that a factual question existed as to whether "the duress which may have been exercised by the defendants

was so integrally related to the plaintiffs cause of action as to toll the statute." *Id.*

Next, Judge Broderick turned to defendants' assertion of laches and equitable estoppel against plaintiffs. With respect to the doctrine of laches the court balanced plaintiffs' delay against the prejudice suffered by the defendants by virtue of the delay and found that, due to the wrongful conduct of Goldner and the Levy defendants, there was a genuine issue of material fact as to whether plaintiffs' suit was timely commenced. *Id.* at 15. Similarly, the court found that a factual question existed as to whether the Levy defendants' wrongful conduct precluded their assertion of an equitable estoppel defense. Accordingly, the court denied the Levy defendants' motion for summary judgment.

Having previously dismissed the claims against defendant Broadcast Music Inc. on February 5, 1992, the court held that the justifications for plaintiffs' delay had no application to their claims against Emira Lymon—Frank Lymon's widow and, as such, the successor to his copyright interest. Consequently, the only remaining named defendants in the action are the Levy defendants.[2]

Factual Background

Trial of the liability issues was held, in part, before a jury and, in part, before the Court from November 10 – 16, 1992.[3]

---

[2] After the trial, Windswept Pacific Entertainment Co. ("Windswept"), the current owner of the entire *Fools* copyright, intervened without opposition for all purposes under Fed. R. Civ. P. 24 (a), *inter alia*, asserting the affirmative defenses of laches and estoppel, requesting to be heard as a defendant with respect to fashioning any relief in favor of plaintiffs, and joining in the Levy defendants' post trial motions.

[3] At a conference on November 9, 1993 the parties agreed to use a special verdict form addressed to the factual issues in the case. The special verdict form was designed to limit the number of legal issues on which the jury would be charged. As a result, the special verdict questions focused on the issues of authorship, fraudulent concealment and duress. Based on the jury's responses, the court was left to determine

On behalf of plaintiffs the following witnesses testified: plaintiffs themselves; Kenneth Bobo, a some time member of The Teenagers; Gigi Merchant, plaintiff Merchant's sister; Herbert Cox, a performer with The Cleftones, a singing group; Philip Groia, a writer; and Elder Henix. Plaintiffs also introduced deposition testimony of Levy who had died in the late 1980's, subsequent to the filing of this lawsuit. Defendants called four witnesses: Philip Kahl, a former employee of Patricia Music; Jeri Spencer; Emira Lymon; and Howard Fisher, former controller of Roulette Records.

The factual issues presented at trial, as narrowed by the April 15 Order, can be placed into two broad categories. First, as noted above, the parties disputed whether the copyright certificate filed with the Copyright Office, and later amended, accurately reflected the authorship of *Fools*. Plaintiffs claimed that, despite Goldner's listing as a co-author on the original copyright, he made no contribution to the writing of *Fools*, and rather that plaintiffs co-wrote the song with Lymon. Second, the parties disputed whether plaintiffs were justified in waiting approximately twenty-six years from the time they reached majority under New York law in 1961 until December 14, 1987 to pursue their claims. A review of the trial testimony will be helpful in placing these disputes and the jury's verdict in context.[4]

Plaintiffs testified that in April of 1955, Santiago, Merchant, Garnes and Negroni formed a singing group, eventually known as The Teenagers, that rehearsed at a local junior high school and at other locations around Washington Heights. At first, the group sang popular songs written by other musi-

---

whether plaintiffs were entitled to an ownership interest in the *Fools* copyright, whether plaintiffs were entitled to judgment on their copyright infringement, Lanham Act and common law unfair competition claims and whether plaintiffs were equitably estopped from bringing their lawsuit. In addition, the Levy defendants' equitable defense of laches was tried to the court.

[4] Although, at the Court's request, the Levy defendants provided excerpts from the trial transcript neither party has been inclined to order a full transcript. Consequently, the Court has relied largely on its own notes to reconstruct the testimony.

cians, but they later began to create their own music. Inspired by love letters given to the group by a neighbor, plaintiffs, neither of whom had any formal musical training, developed the melody and lyrics for *Fools*, a song that the group initially called *Birds Sing So Gay*. In the original arrangement of *Fools*, Santiago sang the lead voice and the other group members sang back up. Three witnesses for plaintiff, Gigi Merchant, Howard Bobo and Elder Henix, testified that they heard the original four group members rehearse *Birds Sing So Gay* prior to Lymon's joining the group. Not until June of 1955, approximately two months after the plaintiffs began to write and rehearse this early version of *Fools*, did Lymon join the group.

Due in part to Lymon's presence, a member of another local singing group introduced The Teenagers to Goldner, who invited them to audition in September of 1955 at Gee Records. After hearing the group perform *Fools*, Goldner suggested that the group rehearse the song with Lymon replacing Santiago as the lead singer. In December of 1955, the group returned to Gee Records' studios and, accompanied by a band of studio musicians, recorded *Fools*. At the time *Fools* was recorded, plaintiffs were fifteen years old and Lymon was twelve.

The parties offer slightly different, but not inconsistent, versions of the events that led up to the writing and recording of the final version of *Fools*. According to Santiago, Lymon made significant embellishments to the song during the time between the audition and recording session, which included, among other changes, adjusting the song to suit Lymon's vocal range. Plaintiffs assert that their documentary evidence, the original record label and an unsigned Standard Uniform Popular Songwriters Contract (Exhibit 1) listing Santiago as well as Lymon and Goldner as authors, corroborates their testimony. Plaintiffs also testified that at about the time *Fools* was recorded, Goldner told plaintiffs that he would handle the registration of the song's copyright but that only two names could appear on the registration form. Plaintiff testified that they chose to include the names of the two lead singers—Lymon and Santiago—thus accounting for the absence of Merchant's name from these exhibits.

Relying largely on documentary evidence and what they argue is the inherent incredibility of plaintiffs' testimony, the Levy defendants maintain that Goldner was personally involved in the writing and arranging of *Fools*. In support of their position defendants submitted the copyright registration and renewals, and contemporaneous advertisements and promotional materials indicating that Lymon and Goldner were the sole co-authors of *Fools*. Furthermore, defendants argued that the lengthy saxophone solo in *Fools* was composed during the recording session by Jimmy Wright, a studio musician in the employ of Gee Records. Therefore, the Levy defendants conclude, Goldner was an author under the "work-for-hire" doctrine as well.

As indicated by the answers to Special Verdict Questions 1-3, the jury resolved the issue of authorship in favor of plaintiffs, finding that Santiago and Merchant, in conjunction with Lymon, were co-authors of *Fools*. Furthermore, the jury rejected both of defendants' theories—that Goldner was an author either through his personal involvement or under the work-for-hire doctrine.

The remainder of the evidence at trial focused on whether plaintiffs were justified in waiting approximately twenty-six years to pursue their claims.[5] Plaintiffs testified that on several occasions during this time, beginning in the early 1960's, they, either personally or through professional advisors, attempted to collect royalties from Levy that they believed were due. Each one of the inquiries was met with a refusal on Levy's part to pay such royalties.

---

[5] As noted above plaintiffs were both fifteen years old at the time *Fools* was recorded. During their minority years, plaintiffs received a weekly allowance from the Levy defendants when The Teenagers were performing. In addition, a trust fund was established and a guardian *ad litem* was appointed to administer a trust in which additional performance royalties and other monies were to be deposited for the benefit of plaintiffs. Upon reaching majority age, in 1961, each plaintiff received approximately $1,000 from his trust fund. The parties do not dispute that, under New York law, plaintiffs were entitled to a tolling of the statute of limitations until they reached majority age. Consequently, it is undisputed that plaintiffs' delay in bringing their lawsuit could not have begun until 1961.

Plaintiffs testified that, initially, Levy's refusals amounted to an ambiguous blanket statement that "there was no money for them." However, in two instances when they went to collect the money that they believed Levy owed them, Levy threatened plaintiffs with physical violence. Specifically, Santiago testified—for the first time at trial—that in 1969 he went to Levy's office, accompanied by Garnes, and Levy threatened to kill him. Merchant testified—as he had done at his deposition and in an affidavit filed in opposition to defendants' motion for summary judgment—that in 1977 he, too, went to Levy's office accompanied by Garnes to ask for money. According to Merchant, during that visit Levy told Merchant and Garnes to leave his office or he would have them killed. Plaintiffs testified that, as a result of these threats and their belief that Levy had ties to organized crime, they were afraid to file a lawsuit against Levy until December of 1987.

In response, defendants denied that Levy made these threats and contested whether plaintiffs' claimed fear of violence, in fact, prevented them from taking legal action against Levy. Defendants pointed out that prior to 1987 plaintiffs took numerous steps to pursue their claims against Levy as to *Fools* as well as to other songs. Included in these steps was the hiring of an attorney who, in 1984, unsuccessfully challenged Levy's renewal of the copyright to another song, entitled *I Want You to be My Girl*.

As indicated by the answers to Special Verdict Questions 4-11, the jury found that, although Goldner and Levy deliberately concealed from plaintiffs the accrual of royalties from *Fools*, each plaintiff knew or should have known that royalties to which they believed they were entitled had accrued. In addition the jury found that: each plaintiff had been threatened by Levy; each plaintiff feared that Levy would carry out his threats; each plaintiff's fear was reasonable; and each plaintiff's fear lasted until December 24, 1984, the date plaintiffs' former attorney filed a letter with the Copyright Office challenging the registration of *I Want You to be My Girl*. Special Verdict Questions 12-19.

Implications of The Jury's Findings

As a threshold matter, plaintiffs seek declaratory relief establishing that they are co-authors of *Fools* and, therefore, are co-owners of its copyright. In addition, although inartfully constructed, the Complaint states a claim for further relief for the deprivation of the remunerative benefit flowing from this ownership.

Obviously the jury's first findings relate to the plaintiffs' claims of authorship. As a general rule, copyright ownership vests initially in the author or authors of the work. 1 Melville B. Nimmer & David Nimmer, Nimmer on Copyright § 5.01[B] (1992) (hereinafter "Nimmer"). *See also* 17 U.S.C. § 201(a) (1988). Copyright ownership entitles the holder to the exclusive benefit from the exploitation of the underlying work. *Stone v. Williams*, 970 F.2d 1043, 1051 (2d Cir. 1992), *cert. denied*, 124 L. Ed.2d 243 (1993) ("*Stone III*"). Thus, plaintiffs appropriately seek damages for the Levy defendants' failure to remit to plaintiffs their proportionate share of royalties received from the exploitation of *Fools*. *Cf. Stone III*, 970 F.2d at 1051. Alternatively, plaintiffs seek the imposition of a constructive trust, a remedial device imposed in favor of one entitled to property that is wrongfully withheld, which is the equitable analogy to a legal action for an accounting or for damages. *See Stone III*, 970 F.2d at 1051-52.

Once authorship is determined, the issue of whether plaintiffs were justified in delaying the filing of this lawsuit becomes relevant. Extrapolating from the jury's conclusion that plaintiffs were prevented from filing a lawsuit against the Levy defendants because of their reasonable fear of retribution, plaintiffs contend that they are entitled to a tolling of the statute of limitations for the period of time during which the fear operated. Application of this toll to the Copyright Act's statute of limitations would entitle plaintiffs to recovery, not only for damages accruing within three years of suit, *Stone III*, 970 F.2d at 1051, but also for damages accruing back to 1969, when the jury found that plaintiffs' reasonable fear first arose.

The Levy Defendants' current motions challenge these results, arguing that the defendants are entitled to a new trial on the issue of authorship, to judgment as a matter of law that the doctrines of laches and equitable estoppel bar plaintiffs' claims, to judgment as a matter of law that plaintiffs did not suffer duress; and finally, to a new trial because the court erroneously admitted certain evidence of Levy's "mafia connections" and certain "bad act" evidence related to Goldner. In addition, each party moves for judgment on the claims arising under the Lanham Act and common law unfair competition.[6] I will address each motion in turn.

Discussion

The Levy Defendants Rule 59 Motion for a New Trial on the Issue of Authorship.

Pursuant to Fed. R. Civ. P. 59, the Levy defendants move to set aside the jury's findings that plaintiffs' co-authored *Fools* with Lymon and that Goldner was not an author either through his personal contribution or the work for hire doctrine.[7] A court may, in its sound discretion, set aside a jury verdict and grant a new trial on the grounds that the verdict is against the clear weight of the evidence or will result in a

---

[6] Plaintiffs also cross-move for judgment that each plaintiff receive equal ownership shares, or one-third, of the *Fools* copyright. On the basis of the September 18 Order, we deny plaintiffs' motion. After finding that all of the plaintiffs' claims against Emira Lymon were barred by laches, Judge Broderick ordered a trial of the issues involving plaintiffs and the Levy defendants. Because the Levy defendants' interest related to only one-half of the Fools copyright, the plaintiffs' relief is limited to that ownership share.

[7] Rule 59(a) enables a party to move for a partial new trial limited to discrete issues. *See Brooks v. Brattleboro Memorial Hosp.*, 958 F.2d 525, 530-531 (2d Cir. 1992) (citing *Crane v. Consolidated Rail Corp.*, 731 F.2d 1042, 1050 (2d Cir.), *cert. denied*, 469 U.S. 854 (1984). *But cf. id.* (partial new trial may not properly be resorted to unless it clearly appears that the issue to be retried is so distinct and separable from the others that a trial of it alone may be had without injustice) (citation omitted).

miscarriage of justice, even though there may be substantial evidence in support of the verdict. *Song v. Ives Labs., Inc.*, 957 F.2d 1041, 1047 (2d Cir. 1992); *Bevevino v. Savdiari*, 574 F.2d 676, 684-685 (2d Cir. 1978).

While the court should examine the character of the evidence and the complexity of the legal issues involved, it should not set aside the verdict merely because the court would have come to a different conclusion had it been the trier of fact. *Bevevino*, 574 F.2d at 685; *Wade v. Orange County Sheriff's Office*, 690 F. Supp. 176, 178 (S.D.N.Y. 1987), *aff'd*, 844 F.2d 951 (2d Cir. 1988). Nor should the trial court encroach on the jury's role as the primary finder of fact and set aside the verdict unless it is quite clear that the jury's conclusions were egregious. *Bevevino*, 574 F.2d at 684, 686 n.29. However, when the verdict stems primarily from a jury's evaluation of a witness' credibility, a verdict will rarely be egregious. *Cf. Dunlap-McCuller v. Riese Org.*, 980 F.2d 153, 158 (2d Cir. 1992). With this strict standard in mind, we examine the evidence supporting the jury's finding that the plaintiffs were co-authors of *Fools*, and that Goldner was not.

An author is defined as the person, or one of two or more persons, who has made a copyrightable contribution to the creation of the work. *Childress v. Taylor*, 945 F.2d 500 (2d Cir. 1991). First, the Levy defendants attack the finding that plaintiffs' coauthored *Fools* because such a finding is contrary to the documentary evidence, and that plaintiffs' testimony on the issue was simply incredible. In addition to the copyright registrations and renewals, an album label from Gee Records and an article in the June, 1956 edition of Hit Parade Magazine listing Goldner and Lymon as the sole co-authors of *Fools*, the Levy defendants submitted two letters dated July 11, 1984 and December 24, 1984, from plaintiffs' former attorney, who also at one time represented Emira Lymon, to the Copyright Office relating to the misregistration of other songs, but not *Fools*.[8]

---

[8] Plaintiffs' explanation for their former attorney's conduct in relation to the challenge to the registration of *Fools* focused on an agreement allegedly made between Emira Lymon and plaintiffs. In 1984, Emira

Plaintiffs, on their part, offered explanations for each of the documents submitted by the Levy defendants, plaintiffs' exhibits 1 and 3 listing Santiago as an author, and extensive and largely uncontradicted testimony from several witnesses concerning plaintiffs' involvement in the writing of *Fools* prior to Lymon's joining The Teenagers. Essentially, the Levy defendants ask the Court to review the jury's determination that the plaintiffs, and the witnesses who testified on their behalf, were credible. However, the jury heard the conflicting testimony and were free to determine which witnesses to believe. Recognizing that a jury's assessment of credibility should rarely be disturbed, *Dunlap-McCuller*, 980 F.2d at 158, and in light of the substantial evidence presented by plaintiffs in support of their authorship claims, we cannot say that the jury's findings were egregious. Therefore, we find no basis upon which to set aside the answers to Special Verdict Questions 1 and 2.

Conceding that Goldner's personal involvement in the writing of *Fools* was fairly subject to resolution either way, the Levy defendants next argue that the jury's rejection of his authorship under the work for hire doctrine was against the great weight of the evidence. Although the author is generally the party who actually creates the copyrightable work, the Copyright Act of 1909 provides: "the word 'author' shall include an employer in the case of works for hire. *Id.* § 62; *Community For Creative Non-Violence v. Reid*, 490 U.S. 730, 743-744 (1989). *See also* 17 U.S.C. § 201(b). Unlike the later Copyright Act, 17 U.S.C § 101, the 1909 Act left the definition of "employer" and "work-for-hire" to the courts. *Reid*, 490 U.S. at 744. However, the employee must still satisfy the statute's requirements for co-authorship. Thus, in order to

---

Lymon sued Levy, claiming that she was the sole owner of the *Fools* copyright, and that Levy had failed to pay authorship royalties to Lymon's estate. Plaintiffs assert that in exchange for their testimony about the writing of *Fools*, Emira Lymon agreed to give each plaintiff a one-third ownership share. Emira Lymon denies that such an agreement existed and the Levy defendants supplement her denial by contending that it is illogical to believe that Emira Lymon would share her interest with plaintiffs based merely on their word that they had co-authored *Fools*.

establish Goldner's co-authorship of *Fools* through the work-for-hire doctrine, the Levy defendants must establish that Jimmy Wright, a studio musician hired by Goldner, was a co-author of *Fools*, and that Wright was an "employee" as defined by the copyright laws.

Addressing the threshold requirement that Wright is a co-author of *Fools*, the Levy defendants must demonstrate that he made a copyrightable contribution to *Fools*, the parties intended to regard themselves as joint authors. *Childress*, 945 F.2d at 507-508. Defendants failed to make this showing. At trial, the Levy defendants adduced no evidence that the saxophone interlude amounted to more than an "incidental" musical change. *Cf. Picture Music, Inc. v. Bourne, Inc.*, 314 F. Supp. 640, 647 (S.D.N.Y. 1970), *aff'd on other grounds*, 457 F.2d 1213 (2d Cir.), *cert. denied*, 409 U.S. 997 (1972). *See also Childress v. Taylor*, 1990 U.S. Dist. LEXIS, 15969, *13 (S.D.N.Y. 1990), *aff'd*, 945 F.2d 500 (2d Cir. 1991). The only characterization concerning Wright's contribution to *Fools* came from plaintiffs' testimony that the solo was merely an arrangement that followed from the song's chord progression. Based on this scant evidence and their own hearing of the song, the jury was fully justified in finding that the sax solo was not a substantial contribution to the song. Moreover, the Levy defendants did not demonstrate that at the time *Fools* was recorded that Wright, or Goldner, intended to be accorded the status of a co-author because of the addition of the sax solo. Without such an intention, Wright's contribution, even assuming it met the threshold of authorship, would not give rise to a joint authorship interest.

At to the second element in the work-for-hire doctrine, the Levy defendants must establish that Wright was an employee of Gee Records. Generally, courts have applied the work for hire doctrine only to works made by employees in the regular course of their employment. *Reid*, 490 U.S. at 744. Several factors, no single one of which is determinative, are to be weighed in determining whether the work was created by an employee or an independent contractor. *Reid*, 490 U.S. at 751-752. *Cf. Bourne, Inc.*, 457 F.2d at 1216 (setting forth factors in work-for-hire under 1909 Act). The most important factors

include the hiring parties' right to control the manner and means of creation, the method of payment, the skill required, the provision of employee benefits, the tax treatment of the hired party, and whether the hiring party has the right to assign additional projects to the hired party. *Aymes v. Bonelli*, 980 F.2d 857 (2d Cir. 1992).

While some of these factors were contested, the Levy defendants produced virtually no evidence concerning the employment relationship between Goldner and Wright. Without having to adopt plaintiffs' argument that the record company's recoupment of its payment to the studio musicians from the royalties from *Fools* precludes a work-for-hire arrangement, we find that this issue was fairly open to resolution in either party's favor. In sum, the Levy defendants' have failed to demonstrate that the jury's findings with respect to Goldner's authorship were seriously erroneous, and thus, their motion for a new trial on the issue of authorship is denied.

Judgment on Copyright Infringement, Lanham Act, and Unfair Competition Claims

Copyright Infringement

As described above, plaintiffs' action is one for a declaration of copyright ownership and the recovery of the royalties which accompany such ownership. The action is not properly framed as one for copyright infringement, which requires a plaintiff to show ownership of a valid copyright and the defendant's infringement by unauthorized copying. *Laureyssens v. Idea Group, Inc.*, 964 F.2d 131 (2d Cir. 1992). *See* April 15 Order; *see generally* Nimmer § 13.01 (setting forth requirements of infringement). Notwithstanding the defendants' wrongful conduct, plaintiffs clearly anticipated that the Levy defendants would exploit the copyright, subject to an accounting for royalties. *See Eden Toys, Inc. v. Florelee Undergarment Co.*, 697 F.2d 27, 36 (2d Cir. 1982) (under pre-1978 copyright law licenses can be granted orally or by conduct.) Specifically, Santiago testified that he had intended to

sign a Standard Form Songwriters Contract transferring his rights in *Fools* to Goldner. Therefore, according to plaintiffs' own testimony the Levy defendants exploited the *Fools* copyright with the plaintiffs' authorization and, as a result, judgment in favor of the Levy defendants is granted on plaintiffs' claim for copyright infringement.

Lanham Act and State Law Unfair Competition Claims

Plaintiffs seek relief under Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a) (1982). That section provides, in pertinent part, that

> [a]ny person who shall affix, apply, or annex, or use in connection with any goods, . . . any false description or representation, including words or other symbols tending falsely to describe or represent the same . . . shall be liable to a civil action . . . by any person who believes that he is or is likely to be damaged by the use of any such false description or representation.

Id. Consistent with the remedial nature of the statute and its expansive language, courts, generally, have construed this provision broadly. *PPX Enterprises, Inc. v. Audiofidelity Enterprises, Inc.*, 746 F.2d 120, 124 (2d Cir. 1984) ("*PPX I*"). Consequently, Section 43(a) has been employed successfully to combat a wide variety of deceptive commercial practices, including various forms of misappropriation, misrepresentation and other examples of unfair competition. *PPX Enterprises, Inc. v. Audiofidelity Inc.*, 818 F.2d 266, 270 (2d Cir. 1987) ("*PPX II*") (collecting cases). These practices traditionally involve the misappropriation of another's talents. *Rosenfeld v. W.B. Saunders. Div. of Harcourt Brace Jovanovich, Inc.*, 728 F. Supp. 236, 241 (S.D.N.Y.), *aff'd*, 923 F.2d 845 (2d Cir. 1990).

One form of unfair competition prohibited by the Lanham Act, known as "reverse palming off," occurs when the wrongdoer removes the name or mark on another party's product and sells that product under a different name.[9] *Id.* The grava-

[9] For the most part, plaintiffs cite cases which involve "palming off", a second form of unfair competition proscribed by the Lanham Act,

men of the harm in reverse palming off is that "the originator of the misidentified product is involuntarily deprived of the advertising value of its name and of the goodwill that otherwise would stem from public knowledge of the true source of the satisfactory product." *Id.* (*citing Smith v. Montoro*, 648 F.2d 602, 607 (9th Cir. 1981)). Accordingly, under this theory, by not properly designating plaintiffs as two of the co-authors of the highly successful *Fools*, the Levy defendants deprived each plaintiff of an opportunity to develop a reputation as a successful songwriter. *See Montoro*, 648 F.2d at 607 (plaintiff-actor whose name was removed from all credits and advertising of a film and replaced by another actor's could maintain a claim of reverse palming off because accurately crediting actors for films in which they have appeared "would seem to be of critical importance in enabling [them] to sell their services.")[10]

However, in order to establish that they are entitled to damages for the Levy defendants' "reverse palming off," plaintiffs must establish "the potential for a competitive or commercial injury." *Berni v. Int'l Gourmet Restaurants, Inc.*, 838 F.2d 642, 648 (2d Cir. 1988). Such potential for injury goes beyond a plaintiff's mere subjective belief that damage has occurred. Instead, a plaintiff must demonstrate the existence of a reasonable interest to be protected. *PPX I*, 746 F.2d

---

and which bears little resemblance to the facts of this case. *Follett v. Arbor House Pub. Co.*, 208 U.S.P.Q. 597 (S.D.N.Y. 1980); (exaggeration of the now famous plaintiff's role in creating work), *Benson v. Paul Winley Record Sales Corp.*, 452 F. Supp. 516 (S.D.N.Y. 1978) (same); *Gilliam v. Am. Broadcasting Cos.*, 538 F.2d 14 (2d Cir. 1976) (attribution of a substantially altered work to its original creator.) These cases are inapposite because the current case does not involve the selling of a good or service of the defendant's own creation under the name or mark of a more popular competitor.

[10] Apparently, in addition to the above argument, plaintiffs also assert that the Levy defendants falsely represented that they had permission to publish and record *Fools*. As indicated above, notwithstanding the Levy defendants failure to account for the royalties received from *Fools*, plaintiffs clearly intended that the Levy defendants release and market *Fools*. Therefore, we need not address whether such a claim of false representation of permission to publish and record a song constitutes a violation of the Lanham Act.

at 125. Without reaching the question of whether plaintiffs could meet the standard of specificity for proving the quantum of damages under the Lanham Act, plaintiffs failed to submit sufficient evidence to meet the more forgiving standard of establishing the existence of a reasonable interest to be protected.

Plaintiffs' assertions that they lost opportunities that included, *inter alia*, writing songs for other contemporary artists, were entirely unsupported by the record. Although the testimony and evidence indicated that plaintiffs had written other songs performed by The Teenagers, there was no evidence that either plaintiff attempted to write songs for other performers. In addition, there was no evidence that the royalties to which plaintiffs claim entitlement were in any way diminished by the misdesignation of *Fools'* origin. *Cf. Rosenfeld*, 728 F. Supp. at 243 (beneficial owners of copyright lost potential royalties each time a purchaser bought defendants' book.) Moreover, plaintiffs adduced no evidence to indicate that the Levy defendants actions diminished their ability to sell their "services." *Cf. Montoro,* 648 F.2d at 607. To the contrary, the evidence at trial demonstrated that plaintiffs' careers have been significantly enhanced by their association with *Fools*.

We note further that plaintiffs' position that the Lanham Act covers circumstances where an author has not been properly credited for his authorship role would simply transform virtually every copyright action into a Lanham Act action as well. Here, plaintiffs have an action under copyright law that fully encompasses the injury that they have proven. *Accord Shaw v. Lindheim*, 919 F.2d 1353, 1363 (9th Cir. 1990) (declining to expand scope of Lanham Act to cases in which copyright law provided an adequate remedy.) Accordingly, plaintiffs have failed to prove that they suffered injury to any interest protected by Section 43(a).

Finally, plaintiffs premise their cause of action for common law unfair competition on the same rationale as their Lanham Act claim. Plaintiffs Mem. in Support at p.12. Since the elements of a cause of action for unfair competition under New York law are essentially the same as the elements of false des-

ignation of origin under the Lanham Act, *see Perfect Fit Indus. Inc. v. Acme Quilting Co.*, 484 F. Supp. 643, 646 (S.D.N.Y. 1979), *aff'd in part and rev'd in part*, 618 F.2d 950 (2d Cir. 1980), judgment on the Lanham Act and common law unfair competition claims should be entered in favor of the Levy defendants.

The Levy Defendants Rule 50 Motion for Judgment as a Matter of Law

A court may grant a motion for judgment as a matter of law, under Fed. R. Civ. P. 50[11], where the evidence, viewed most favorably to the party who secured the jury verdict, does not provide a legally sufficient basis to support a verdict in that party's favor. *Samuels v. Health and Hosps. Corp.*, 591 F.2d 195 (2d Cir. 1979); *Lederle Labs.*, 785 F. Supp. at 1125; 5A James W. Moore et al, Moore's Federal Practice ¶ 50.07[2] (1993) ("Moore's"). Unlike in a motion for a new trial, the trial court cannot assess the weight of the evidence, pass on the credibility of the witnesses, or substitute its judgment for that of the jury. Rather, after drawing all reasonable inferences in favor of the non-moving party, judgment as a matter of law after the verdict should be granted only when

> (1) there is such a complete absence of evidence supporting the verdict that the jury's findings could only have been the result of sheer surmise and conjecture or (2) there is such an overwhelming amount of evidence in favor of the movant that reasonable and fairminded men could not arrive at a verdict against him.

---

[11] Rule 5o was amended in 1991 to abandon the formal differences between motions made under prior subsection (a), denominated as a directed verdict, and (b), denominated as judgment notwithstanding the verdict ("JNOV"). Under the 1991 Amendment to Rule 50 a motion made under either subsection is properly termed a motion for "judgment as a matter of law." Moore's ¶ 50.01-1. The amended rule carries forward the substance and procedure of the predecessor rule while employing the new terminology. Therefore, the traditional standards governing a Rule 50 motion are essentially left unchanged. *Jones v. Lederle Labs., Div. of Am. Cyanamid Co.*, 785 F. Supp. 1123, 1125 (E.D.N.Y.), *aff'd*, 982 F.2d 63 (1992); Moore's ¶ 50.01-1.

W.W.W. Pharmaceutical Co. v. Gillette Co., 984 F.2d 567 (2d Cir. 1993); *see also Fiacco v. City of Rensselaer*, 783 F.2d 319, 329 (2d Cir. 1986), *cert. denied*, 480 U.S. 922 (1987); *Lederle Labs.*, 785 F. Supp. at 1125.

In support of their Rule 50 motion, the Levy Defendants advance essentially three arguments, each assuming arguendo that duress is a cognizable toll to the copyright law's statute of limitations. Specifically, the Levy defendants maintain that (a) the duress toll is limited to circumstances "in which duress [is] an element of the claim in suit," (b) the threats which form the basis of the duress must be directed toward preventing the filing of a lawsuit and (c) the evidence does not reasonably support the jury's finding that the plaintiffs' fear did not dissipate until December 14, 1987.[12]

We address the Levy defendants' first point, namely that because proof of plaintiffs' underlying claim to copyright ownership does not entail evidence of duress, the toll is not cognizable. Judge Broderick noted in his April 15 Order that, under New York law, duress is available to toll a statute of limitations only where duress is part of the gravamen of a plaintiff's claim. *Id.* at 11 (*citing Cullen v. Margiotta*, 811

---

[12] At the outset, the Levy Defendants argue that the copyright laws do not recognize a duress toll to the statute of limitations. Since, as discussed below, we grant the Levy defendants' Rule 50 motion in part, on other grounds, we need not reach the issue of whether in any circumstance, duress may toll the copyright statute of limitations. However, we note that Judge Broderick, in his April 15 Order, held "that under the facts of this case, the recognition of a toll for duress would be consistent with the purposes of the Copyright Act and the duress toll which should be utilized is that provided under the law of this court's forum state, New York." April 15 Order at 11; *Cf. Donahue v. Pendleton Woolen Mills, Inc.*, 633 F. Supp. 1423, 1442 (S.D.N.Y. 1986) (acknowledging that duress toll may have a role, albeit a narrow one, in antitrust actions.) *But cf. Center Cadillac, Inc. v. Bank Leumi Trust Co.*, 808 F. Supp. 213, 225 n.2 (S.D.N.Y. 1992) (holding that duress toll to statute of limitations under state law had no application to federal RICO statute of limitations). In any event, it is doubtful that we could revisit Judge Broderick's earlier ruling. *See Wright v. Cayan*, 817 F.2d 999, 1002 n.3 (2d Cir.), *cert. denied*, 484 U.S. 853 (1987) (reiterating that law of the case doctrine dictates a general practice of refusing to reopen issues in cases that have already been decided).

F.2d 698, 722 (2d Cir.), *cert. denied*, 483 U.S. 1021 (1987)); *see also Day v. Moscow*, 955 F.2d 807, 812 (2d Cir.), *cert. denied*, 121 L. Ed.2d 37 (1992); *Jastrzebski v. New York*, 423 F. Supp. 669, 673 (S.D.N.Y. 1976) (noting that under New York law duress must be part of conduct for which plaintiff is seeking recovery.) In order to be sufficiently connected to the underlying claim, the duress experienced by the injured party must have been operating at the time the original cause of action arose and must be continuous. *See Cullen*, 811 F.2d at 722 (plaintiffs who made payments to defendant-employers' political party under duress could similarly feel forced to restrain from filing suit until duress dissipated); *Pacchiana v. Pacchiana*, 94 A.D.2d 721, 462 N.Y.S. 2d 256 (2d Dept. 1983) (statute of limitations in action to invalidate antenuptial agreement entered into under duress could be tolled for period of time that duress operated). *Cf. Baratta v. Kozlowski*, 94 A.D.2d 454, 464 N.Y.S.2d 803 (2d Dept. 1983) (death threats aimed at preventing lawsuit occurred after underlying claim for conversion accrued).

Notwithstanding Judge Broderick's ruling that a factual question existed as to whether Goldner or the Levy defendants acquired the *Fools* copyright, in the context of a relationship characterized by a continuous pattern of duress exerted on plaintiffs, plaintiffs did not establish that, during the early relationship between the parties, either Goldner or Levy exercised dominion over either plaintiff's mind or in any other manner deprived them of their freedom of will. *See Int'l Railways of Cent. Am. v. United Fruit Co.*, 254 F. Supp. 233 (S.D.N.Y. 1966), *aff'd in part and rev'd in part*, 373 F.2d 408 (2d Cir.), *cert. denied*, 387 U.S. 921 (1967). Although the jury found that Goldner and Levy defrauded the plaintiffs of their ownership in the *Fools* copyright and deliberately concealed the accrual of royalties, there was no evidence of coercion with respect to these activities. To the contrary, the testimony indicated that Santiago, Lymon and their guardians voluntarily signed what they believed to be a valid Standard Form Songwriters Contract. Furthermore, plaintiffs approached Levy several times to ask for money prior to 1969, the first threat, as testified to by Santiago, and twelve

years after the *Fools* copyright was filed. Such conduct demonstrate a willingness, at this early stage, to confront Levy, at least with requests for additional money.

Moreover, plaintiffs' belief that Levy had ties to organized crime is on its own insufficient to support their claim for a tolling of the statute of limitations. Although their belief had been formed around the time they first met Levy in 1957, plaintiffs could not point to a single threat or other action by the Levy defendants prior to 1969 directed at the plaintiffs that could have caused them to be fearful of maintaining their legal interest in *Fools*. *Cf. Jastrzebski*, 423 F. Supp. at 674 (anticipated duress does not give rise to duress toll); *Pahlavi v. Palandjian*, 809 F.2d 938, 942 (1st Cir. 1987) (same). Based on the foregoing, plaintiffs failed to prove that they were motivated by fear of either Goldner or the Levy defendants continuously from the time their cause of action accrued. Without proof that the relationship between the parties was characterized throughout by a continuing pattern of duress, plaintiffs' claim that they are entitled to a tolling of the statute of limitations fails as a matter of law.[13]

In the event that a reviewing court disagrees with our finding that duress must constitute an integral part of the underlying cause of action in order to justify a toll of the statute of limitations, we examine the Levy defendants third argument

---

[13] The Levy defendants second position that the threats involved must be directed specifically at the filing of a law suit is against the great weight of authority. *See, e.g., Pacchiana v. Pacchiana*, 94 A.D.2d at 721, 462 N.Y.S. 2d at 256; *Cullen*, 811 F.2d at 722; *Jastrzebski*, 423 F. Supp. at 673-674 (*citing Kamenitsky v. Corcoran*, 97 Misc. 384, 161 N.Y.S. 756 (1st Dept. 1916), *rev'd on other grounds*, 177 A.D. 605, 164 N.Y.S. 297 (1st Dept. 1917)). *See also Pahlavi*, 809 F.2d at 941 (noting that claim would have been strengthened if threat had been explicitly aimed at preventing a lawsuit) (citing Jastrzebski). Instead the logic of these cases suggests that a person induced or coerced by fear to take a certain action is unlikely to feel free to bring suit until that fear subsides regardless of whether the coercion is directed explicitly at the filing of a lawsuit. *Cullen*, 811 F.2d at 723. Therefore, the Levy defendants argument that the coercive action must be specifically aimed at the prevention of filing a lawsuit adds an element to the duress toll unsupported by the case law.

that the evidence does not reasonably support the jury's finding that the plaintiffs' fear did not dissipate until December 14, 1987. As soon as plaintiffs' "compulsion through fear cease[s]," they are no longer entitled to a toll for duress. *Cullen*, 811 F.2d at 722. Despite the jury's finding that the plaintiffs' fear reasonably lasted until December 14, 1984, the evidence adduced at trial does not support a finding that the plaintiffs fear lasted beyond the time they first agreed to take part in a legal action against Levy.

By the late 1970's and early 1980's plaintiffs were publicly acknowledging that Levy had bilked them out of their royalties from *Fools*. During this time, the plaintiffs enlisted the services of several people, including two attorneys, who either attempted to collect copyright royalties from Levy or accessed plaintiffs' legal claim to royalties. Furthermore, plaintiffs testified that they entered into an agreement in 1984 with Emira Lymon to testify on her behalf in her lawsuit against Levy, claiming that Frank Lymon was the sole owner of the *Fools* copyright. Plaintiffs testified that in return for their testimony Emira Lymon agreed to give them each a one-third ownership share of the *Fools* copyright.

In the face of such a persistent effort to vindicate their rights to royalties in *Fools*, plaintiffs' distinction between the asking for money, a request which Levy could simply refuse, and the taking of action which would legally and involuntarily deprive Levy of money cannot be deemed reasonable. Their agreement to join Emira Lymon's lawsuit, albeit not as named plaintiffs, would entail their potentially giving testimony in open court about the events which underlie the current lawsuit. At that point, plaintiffs were represented by counsel and were fully aware of the potential consequences of their testimony. Thus, it was unreasonable for plaintiffs to maintain what had become a purely semantic distinction between their asking for money and their invoking the legal process to obtain it.

Therefore, we hold, alternatively, that the jury's finding that plaintiffs' reasonable fear lasted until December 1984 is against the overwhelming weight of the evidence. As a result, the answers to Special Verdict Questions 16, 19 are set aside

and plaintiffs may only pursue those damages which accrued within three years of this lawsuit.

Equitable Doctrines of Repose: Laches and Equitable Estoppel Laches

In order to prevail on a laches defense, the Levy defendants must demonstrate that plaintiffs, in asserting their rights, were guilty of unreasonable delay and that the delay prejudiced the defendants.[14] *See Stone v Williams*, 873 F.2d 620, 623 (2d Cir. 1989) ("*Stone I*") (*citing Gardner v. Panama Railroad Co.*, 342 U.S. 29, 31 (1951)). While statutes of limitations and laches promote similar values of repose, the latter's dual inquiry involves a balancing of the equitable circumstances of each case rather than the former's more mechanical application of a time bar within which suit must be instituted. *Id.* at 623-625. Consistent with this balancing, defendants must have suffered some amount of prejudice to successfully invoke laches, even if plaintiffs have a weak or no excuse for their delay. *Id.* at 625. Relevant factors in assessing prejudice include the decreased ability of the defendants to vindicate themselves, on account of the death of witnesses or fading memories and stale evidence, as well as the prejudice that may result from a change in the defendant's position. *Id.* Counterbalancing these factors is the defendant's culpability in creating the circumstances causing the prejudice. *Stone v. Williams*, 891 F.2d 401, 405 (2d Cir. 1989) ("*Stone II*").

In *Stone II*, the Second Circuit reconsidered its affirmance of a grant of summary judgment on the grounds of laches and

---

[14] The parties tried to the Court the issue of whether the doctrine of laches barred plaintiffs' claim for relief. However, when a jury has decided a factual issue, its determination has the effect of precluding the court from deciding the same fact issue in a different way. *Sorlucco v. New York City Police Dept.*, 971 F.2d 864, 873 (2d Cir. 1992); *Wade v. Orange County Sheriff's Office*, 844 F.2d 951, 954 (2d Cir. 1988). Grounded in the Seventh Amendment, this rule furthers the integrity of the judicial process by promoting consistent determinations of any particular question. *Wade*, 844 F.2d at 954 (citations omitted). Accordingly, in determining the applicability of the laches defense, we defer to the jury's findings, when relevant and if supported by the evidence.

held that the defendant's egregious conduct, undiscovered at the time of the first ruling, tipped the balance of equities in the plaintiff's favor. *Id.* at 404-405. The plaintiff, a non-marital child of the late country western singer Hank Williams, brought a lawsuit asserting a claim for a share of her father's copyrights almost twelve years after reaching the age of majority. *Id.* at 404. Without reexamining the trial court's finding of inexcusable delay, the court held that the defendants' knowing participation in a conspiracy to defraud the plaintiff of her copyright interest precluded the defendant's assertion of prejudice. *Id.* at 405.

Relying on traditional equitable principles, *id.* at 404 ("one who seeks Equity's assistance must stand before the court with clean hands") (citation omitted), and on the principle that the defendant's could not fairly rely on a delay caused in part by their own actions, the court held that allowing laches to apply when defendants had acted in such an "unworthy manner" would grant them a windfall. *Id.* at 405. In addition, the court noted that the defendants could have avoided any prejudice by seeking a court declaration of their rights vis-a-vis the plaintiff. *Id.*

Similarly, the Levy defendants cannot fairly plead prejudice from the passage of time and the death and disappearance of key witnesses in light of their conduct toward plaintiffs. Focusing first on the years from 1961-1969, beginning with plaintiffs' reaching majority and ending with Levy's threat to Santiago,[15] the Levy defendants argue that plaintiffs' rights were cut off during this period because plaintiffs' delay pursuing their rights was inexcusable and the prejudice to the

---

[15] Notwithstanding our discussion in n.14 that we are bound by the jury's factual findings in this case, we express serious reservations about the truthfulness of Santiago's testimony concerning Levy's threat. Despite several occasions during the course of this litigation when testimony about this threat would have been useful, Santiago failed to testify until trial about this event. Considering the importance of the duress toll to plaintiff's case and the abject fear he felt following the threat, we find it inconceivable that he forgot to mention the incident or that his attorney counseled him not to mention it. However, we are satisfied that the doctrine of laches would not apply even in the absence of this threat in 1969.

defendants was manifest. However, the jury's finding that Goldner and Levy had fraudulently concealed from plaintiffs the accrual of royalties from *Fools* for a period of approximately six years underlines the defendants' claim of prejudice. Considering also the jury's finding that plaintiffs' co-wrote *Fools* and the testimony that Santiago signed a songwriter's contract, a ruling barring plaintiffs' claims would allow the Levy defendants to profit from their untoward actions. Under the rationale of *Stone II*, a court sitting in equity should not countenance such a result.

Turning to the period of time between 1969 and 1984, we find that the equitable principles discussed above apply with equal force. As noted earlier, the jury found that threatened plaintiffs on two occasions, in 1969 and again in 1977, and that plaintiffs, due to their reasonable fear that these threats would be carried out, delayed until 1987 the filing of their suit. By virtue of the jury's finding of Levy's egregious conduct, the Levy defendants cannot now complain of the prejudice they would suffer due to their efforts to exploit *Fools* and to the loss of witnesses and business records.

In sum, the Levy defendants knew from the late 1950's the circumstances under which the *Fools* copyright was obtained and attempted until Levy's death either to conceal these facts, *see* Deposition of Morris Levy p. 82 (stating that Levy was a co-author of *Fools*), or to coerce plaintiffs into abandoning their rights. These actions tip the balance of equities in plaintiffs' favor and relieve plaintiffs from the defense of laches.

Equitable Estoppel

The issue of equitable estoppel was withheld from the jury because the Levy defendants did not offer sufficient evidence to meet the elements of the defense. In order to prevail on the defense of equitable estoppel the defendant must have been misled into reasonably and justifiably believing that the plaintiff would not pursue his claims against the defendant. *Glus v. Brooklyn Eastern Dist. Terminal,* 359 U.S. 231, 234 (1959); *Mikinberg v. Baltic S.S. Co.*, 988 F.2d 327, ___, 1993 U.S. App. LEXIS 4404, *9-10 (2d Cir. 1993); *Travellers Int'l*

AG v. Trans World Airlines, Inc., 722 F. Supp. 1087, 1098 (S.D.N.Y. 1989). In the context of a copyright action the plaintiff-copyright holder's rights may be destroyed if the defendant shows that: a) the plaintiff knew of the defendant's wrongful conduct; b) the plaintiff intended that his conduct be acted upon or acted in a way that the defendant had a right to believe it was so intended; c) the defendant was ignorant of the true facts; and d) the defendant relied on plaintiff's conduct to his detriment. *Basic Books, Inc. v. Kinko's Graphics Corp.*, 758 F. Supp. 1522, 1539-1540 (S.D.N.Y. 1991). *See Lottie Joplin Thomas Trust v. Crown Publishers Inc.*, 456 F. Supp. 531 (S.D.N.Y. 1977), *aff'd*, 592 F.2d 651 (2d Cir. 1978); *Hampton v. Paramount Pictures Corp*, 279 F.2d 100, 104 (9th Cir.), *cert. denied*, 364 U.S. 555 (1960). *See also* 3 Nimmer, § 13.07 at 13-133 n.2 (noting that the defense of estoppel may sometimes be asserted in a contract action for royalties.)

At trial, the Levy defendants offered no evidence that the plaintiffs acted in a manner which justified a belief on the part of defendants that their copyright was free from challenge. Although in some instances, silence and inaction may induce justifiable reliance on the part of the defendant, those circumstances are not present when the defendant is in a position to ascertain the extent of the competing claim. *Hampton*, 279 F.2d at 105. *See also* 3 Nimmer, § 13.07 (acknowledging that such acts of omission rarely satisfy elements of estoppel.) In the instant case, not only did Goldner and Levy know of the plaintiffs' claim to ownership of the *Fools* copyright and attempt to conceal the accrual of royalties from them, but Levy also, in part, caused the plaintiffs' silence and inaction. *Cf. Stone II*, 891 F.2d 401, 404, ("one who seeks Equity's assistance must stand before the court with clean hands") (citation omitted). Applying the jury's findings to the estoppel claim it is clear that whatever change in position undertaken by Levy in reliance on the plaintiffs' inaction was unwarranted. Therefore, the Levy defendants' motion for judgment on the grounds of equitable estoppel is denied.

The Evidentiary Issues

In support of their motion for a new trial, the Levy defendants renew their objections to the admission of two categories of evidence that reached the jury: 1) the so-called "raft of 'Mafia' evidence", and 2) the testimony of Herbert Cox stating that Goldner had put his name on the copyrights of songs written by Cox's group, The Cleftones, that Goldner had not authored.

With respect to the "raft of Mafia" evidence, the Levy defendants point in particular to plaintiff Merchant's testimony concerning a 1981 Village Voice article which included references to Levy's reputed "Mafia" connections. Defendants advance two arguments as to why this evidence was inadmissible. First, defendants assert that the evidence was hearsay and not within a recognized exception. Second, defendants rely on their offer to stipulate that any actual reliance on Levy's threats would be deemed objectively reasonable rendered this evidence irrelevant under Fed. R. Evid. 401. Addressing each point in turn and without adopting the defendants' characterization of this evidence, we find that neither argument has merit nor, if error, would warrant a new trial.

In the first instance, Merchant testified that he had read the article at the time it was published and that it confirmed for him Levy's reputation as a "gangster". This evidence was introduced to explain Merchant's fear of filing a lawsuit against Levy. *See, e.g., United States v. Delia*, 944 F.2d 1010 (2d Cir. 1991) (witness's belief that defendant had ties to organized crime was basis of inference that she acted in accordance with that fear). Upon defendants' counsel's request, on two occasions the Court gave a limiting instruction explaining to the jury that this type of evidence was only admissible to explore the plaintiff's state of mind and could not be considered for its truth. Tr. 218, 221. Furthermore, the Court excluded evidence of Levy's criminal activities that were unknown to plaintiffs during the period which the duress was operative. Therefore, admitted on this basis and with contemporaneous limiting instructions, the evidence of Levy's

ties to organized crime does not constitute hearsay under Fed. R. Evid. 801, and was not erroneously admitted.

Second, while we disagree with defendants' assertion that the challenged evidence was prejudicial, *see United States v. Gilliam*, 1993 U.S. App. LEXIS 13073, *8 (2d Cir. June 2, 1993) ("evidence is prejudicial only when it tends to have some adverse effect upon a defendant beyond tending to prove the fact or issue that justified its admission into evidence") (citation omitted), because a stipulation may not provide a jury with a basis for evaluating probative force, the admission of potentially prejudicial evidence with probative value may be proper even though the party against whom it is offered is willing to stipulate to the proposition for which the evidence was offered. *United States v. Valentine*, 644 F. Supp. 818, 822-23 (S.D.N.Y. 1986); 1 Jack B. Weinstein & Margaret A. Berger, Weinstein's Evidence ¶403[3] (1992 & Supp. 1993) (hereinafter "Weinstein"); *cf. Gilliam*, 1993 U.S. App. 13073, *14 (where potentially prejudicial evidence directly establishes an element in the case, defendant may not stipulate to that element in order to bar that evidence). Indeed, as a general rule, a party is not required to accept a judicial admission of his adversary but may insist on proving the fact in order to present to the jury a picture of the events relied upon. To substitute for such a picture a naked admission might have the effect of eliminating from the evidence much of its fair and legitimate weight. Weinstein ¶403[3]; *Parr v. United States*, 255 F.2d 86 (5th Cir.), *cert. denied*, 358 U.S. 824 (1958). In the current case, plaintiffs' state of mind was relevant and probative to the issue, under the duress toll and under the doctrines of laches and equitable estoppel, of whether their fear was reasonable. Without evidence of the Levy's reputation as it was known to plaintiffs, Merchant and Santiago would have been severely hampered in attempting to explain their motivation for avoiding a legal confrontation with Levy until 1987.

Addressing Herbert Cox's testimony that Goldner's or one of his employee's names appeared on copyrights for songs written solely by Cox's group, The Cleftones, the Levy defendants argue that Fed. R. Evid. 404 precludes this evidence

from reaching the jury. The Levy defendants maintain that this evidence "painted defendants as music industry thieves" for the sole purpose of showing that defendants acted in conformity with such a characterization when dealing with plaintiffs. Defendants' Mem. at 27. However, defendant's reliance on Rule 404(b) is misplaced. Evidence that aids the trier of fact in determining the probative value of other relevant evidence is itself relevant even if the proffered evidence itself does not relate to a consequential fact. *See Weinstein* ¶ 401[05].

Cox testified to eight or nine instances of either Goldner or Henry Glover, an employee of Gee, listing their names on a copyright of a song for which they had no authorship role. Without commenting on whether this activity constituted theft or any other "bad act" as encompassed by Fed. R. Evid. 404(b), we note that this testimony directly refutes the Levy defendants' position that Goldner's listing as an author on the *Fools* copyright entitles him to a presumption of authorship. Even upon reflection, we adhere to our original conclusion that Cox's testimony was relevant, highly probative and not introduced as evidence of Goldner's character. Therefore, this evidence was properly put before the jury.

CONCLUSION

In conclusion, considering the ample evidence adduced at trial concerning the authorship of *Fools*, and my review of the evidentiary rulings discussed above, I deny the Levy defendants' motion for a new trial. However, in light of the total absence of evidence indicating that the Levy defendants acquired the *Fools* copyright by duress, I find that the duress later exercised by Levy on plaintiffs was not integrally related to plaintiffs' cause of action. Therefore, I grant the defendants' motion for judgment as a matter of law on the issue of the duress toll to the statute of limitations thus limiting recovery to damages that accrued within three years of the filing of the lawsuit. Furthermore, I grant judgment in favor of the Levy defendants for copyright infringement and unfair com-

petition claims arising under both the Lanham Act and common law. In addition, I deny the Levy defendants' motions for judgment based on the equitable doctrines of laches and estoppel. Finally, plaintiffs' cross motions for a judgment as a matter of law on the issue of fraudulent concealment and for judgment that each plaintiff be granted a one-third share of the *Fools* copyright are denied in their entirety.

IT IS SO ORDERED.

DATED: New York, New York
July 22, 1993

/s/ NAOMI REICE BUCHWALD
NAOMI REICE BUCHWALD
UNITED STATES MAGISTRATE JUDGE

Copies of the foregoing Memorandum and Order have been mailed on this date to the following:

Carl E. Person, Esq.
250 West 57th Street, Suite 529
New York, New York 10107-0100

Ira G. Greenberg, Esq.
Edwards & Angell
750 Lexington Avenue, 12th Floor
New York, New York 10022

Alan L. Shulman, Esq.
Silverman & Shulman, P.C.
136 East 57th Street
New York, New York 10022

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

---

87 Civ. 7199 (VLB)
Filed April 16, 1992

JIMMY MERCHANT and HERMAN SANTIAGO,

Plaintiffs,

—against—

EMIRA LYMON, as widow and Administratrix of the Estate of FRANK LYMON, MORRIS LEVY, BIG SEVEN MUSIC CORP. and ROULETTE RECORDS, INC.

Defendants.

MEMORANDUM ORDER

VINCENT L. BRODERICK, U.S.D.J.

I

This is an action seeking ownership of the copyright for the hit song "Why Do Fools Fall in Love" ("Fools") in which defendants have moved for summary judgment on plaintiffs' claims for a declaratory judgment of copyright ownership and validity and for copyright infringement.

On February 5, 1992, I heard oral argument on defendants' motions for summary judgment, granted the summary judgment motion of former defendant Broadcast Music Inc. and reserved decision on the motions made by the remaining

defendants. This Memorandum Order reflects the decision of those motions.

II

The Teenagers were a singing group which was formed in 1955. The original members of the group were plaintiffs Jimmy Merchant and Herman Santiago and two persons who are now deceased, Joe Negroni and Sherman Garnes. Plaintiffs claim that they jointly wrote Fools in 1955 while members of the Teenagers and that after the song was written, defendant Emira Lymon's decedent Frankie Lymon joined the Teenagers and made a number of changes to the song. Thus, plaintiffs assert, Fools was written by Jimmy Merchant, Herman Santiago and Frankie Lymon.

Fools, in 1955, was recorded for Gee Records, which was owned by George Goldner, now deceased, and published by Patricia Music which was also owned by Goldner. At the time the song was written Frankie Lymon was apparently twelve years old and plaintiffs were both fifteen. Plaintiffs assert that Goldner told them that there could only be two authors listed for the record and presented a contract for royalties to plaintiffs. This contract, which was signed by Goldner, and by their guardians on behalf of Lymon and Santiago, described the song as being authored by Santiago, Lymon and George Goldner, but omitted plaintiff Merchant's name according to plaintiffs, Goldner told them the contract had to be written that way. Plaintiffs also assert that Goldner did not in fact play any role in writing the song. At least one early printing of the record also listed as authors the three parties to the original royalty contract, that is, plaintiff Santiago, defendant Lymon and defendant Goldner.

Plaintiffs assert that Goldner told them that he would take care of copyrighting the song. The song was copyrighted in 1956 and listed as authors George Goldner and Frankie Lymon but omitted the names of plaintiffs Santiago and Merchant. Plaintiffs claim that Goldner told them that they would be given credit, along with Lymon, as the authors of

the song, but he never registered plaintiffs' names on the song's copyright. Plaintiffs also assert that the record labels for Fools first listed Lymon and Santiago as authors, then added Goldner's name and later deleted Santiago's name, leaving only Goldner and Lymon. Plaintiffs claim that they have never received any writers' royalties from their authorship of Fools.

Fools was released in 1956 and rapidly became the number one selling record in the United States on the popular music charts. It continues to be a popular song today and has been recorded by a number of other artists. Frankie Lymon left the Teenagers in 1958 and died in 1968.

Plaintiffs reached the age of majority in 1961. At that time, they assert, they were supposed to receive payments from a trust fund which had been established for them. Payments were made from the fund, but plaintiffs did not receive any royalties from Fools at the time. Plaintiffs' complaint asserts that Goldner sold Patricia Music, which held the copyright for Fools, to Morris Levy in 1964 and that the copyright was thereafter held by Levy's company, defendant Big Seven Music Inc.[1]

Plaintiffs' first attempt to pursue royalty payments came in the mid 1960's. Plaintiff Santiago testified at his deposition that he contacted Morris Levy on several occasions beginning in the mid 1960's to inquire about royalty payments due to plaintiffs from Fools but received a negative response from Levy on each occasion.

Morris Levy was convicted in the late 1980's on federal extortion charges and sentenced to ten years in prison. He subsequently died. Plaintiffs assert that Levy was closely affiliated with organized crime throughout his career in the music industry, was connected to a number of violent incidents during his career and was at once revered and greatly feared by people in the music business. Plaintiffs claim that

---

[1] The complaint asserts that defendant Roulette Records is a company which was controlled by Levy and participated with him in the fraud allegedly perpetrated upon plaintiffs with respect to the Fools copyright.

they were afraid of Levy and that this fear made them reluctant to press their claims with him concerning their royalties. Plaintiffs also claim that Levy threatened to kill Merchant in a conversation which took place sometime after 1980 in which Merchant pressed Levy on the royalty issue.

In 1979–1980 plaintiffs retained an attorney who searched copyright records and reported to plaintiffs that the copyright on Fools was owned by Lymon and Morris Levy but that plaintiffs were not listed on the copyright. Plaintiffs also retained an investigator to investigate the status of the copyright at about the same time. Plaintiffs did not take any legal action with respect to the reports received from the lawyer and the investigator, however.

In 1981, plaintiffs were contacted by Charles Rubin, who worked for an organization which helped artists with claims for royalty payments. Rubin arranged a meeting between plaintiffs and defendant Emira Lymon who was a joint owner of the Fools copyright. According to plaintiffs, at the 1984 meeting Merchant, Santiago and Emira Lymon agreed that Fools had been written by Santiago, Merchant and Lymon, and they agreed that all three would take steps to cause the transfer of the copyright in equal shares to themselves. There was no written record ever made of this agreement.

Rubin and Emira Lymon dispute plaintiffs' description of what transpired at the 1984 meeting, and assert that Rubin called plaintiffs to the meeting to discuss their supporting Emira Lymon's claim to ownership of the Fools copyright. When plaintiffs suggested to Emira Lymon that the copyright should be split three ways, Rubin and Emira Lymon assert, Emira Lymon said she would have to discuss it with her lawyer.

Following the meeting, Emira Lymon filed suit against Morris Levy and other defendants seeking full ownership of the Fools copyright. (*Lymon v. Levy* 84 Civ. 7000, Broderick J.). Neither Santiago nor Merchant was a party to this suit. In 1987 Emira Lymon discharged the attorney who was handling the suit; it was at that point, plaintiffs assert, that they realized that Emira Lymon was not going to honor the

agreement they had made to seek three-way ownership of the copyright. Plaintiffs then brought this action in 1987. Emira Lymon stipulated to a dismissal with prejudice of her suit against Levy and the related defendants in May of 1991.

III

The Motions of these defendants concern a number of alternative theories which are primarily based upon plaintiffs' 30-year delay in bringing this action. The facts which have been developed thus far appear to indicate that plaintiffs' delay in bringing suit in this case was due to four factors: (1) plaintiffs' lack of sophistication about the music business, including the fact that plaintiffs were 15 at the time they recorded Fools and both had a limited education; (2) fraud perpetrated against the plaintiffs by George Goldner, Morris Levy and their affiliates concerning the ownership of the Fools copyright; (3) fear that pressing their claims could result in violence from Morris Levy; and, (4) the fact that plaintiffs, even taking into account all of the above factors, clearly slept on their rights. The difficult issue in these motions is the degree to which each of these factors played a part in plaintiffs' long delay in bringing suit and the weight each factor should be given in determining these motions.

Defendants would be entitled to summary judgment in this action only if "there is no genuine issue as to any material fact and . . . the moving party is entitled to judgment as a matter of law" Fed. Rule of Civil Procedure 56(c); *Anderson v. Liberty Lobby Inc.* 477 U.S. 242, 248 (1986).

Statute of Limitations

Defendants argue that plaintiffs' copyright claims should be dismissed because plaintiffs' suit was commenced after the statute of limitations on these claims had run. The statute of limitations for actions arising under the copyright laws is three years after the time a cause of action accrues. 17 U.S.C. § 507(b). Plaintiffs have asserted two copyright claims, for a declaratory judgment and for copyright infringement, and

have apparently attempted to argue that with respect to the second of these claims, the statute of limitations did not begin to run until defendants' last infringing act occurred.

Plaintiffs' complaint, however, does not properly state a cause of action for copyright infringement—plaintiffs have never been the registered owners of the copyright. Rather, the complaint seeks to try title to the copyright and to cause ownership of the copyright to be transferred to plaintiffs' names. As such, I hold that the three year statute of limitations provided in 17 U.S.C. § 507(b) is applicable to both of plaintiffs' claims and that these claims did not accrue until plaintiffs knew or had reason to know of the injury that is the basis of this action. *See Stone v. Williams* 766 F. Supp. 158, 164-165 (S.D.N.Y. 1991); *Cullen v. Margiotta* 811 F. 2d 698, 725 (2nd Cir. 1987), *cert. den.* 483 U.S. 1021. Defendants apparently concede, and I agree, that the inquiry as to when plaintiffs' copyright claims accrued should properly begin when plaintiffs reached the age of twenty one in 1961 rather than at the time the Fools copyright was registered in 1956, when plaintiffs were both sixteen years old.[2]

IV

I shall first direct my attention to the motions of Morris Levy, Big Seven Music Corp. and Roulette Records, Inc., (hereafter, the "Levy defendants").

1. *Fraudulent concealment.*

With respect to the Levy defendants inquiry must be made into whether or not the doctrine of fraudulent concealment

[2] Even assuming, however, that defendants do not concede this point, I find that the imposition of a toll for infancy in this case would be consistent with the purposes of the Copyright Act and that the appropriate toll which should be applied is the toll provided by this court's forum state, New York. The infancy toll applicable in New York during the period between 1956 and 1961 would have tolled this action until plaintiffs had reached the age of twenty one. *See* New York Civil Practice Law and Rules §§ 105(j), 208.

tolled the running of the statute of limitations. Under this doctrine, "read into every federal statute of limitations . . . is the equitable doctrine that in case of defendant's fraud or deliberate concealment of material facts relating to his wrongdoing, time does not begin to run until plaintiff discovers or by reasonable diligence could have discovered, the basis of the lawsuit." *Barrett v. United States* 689 F. 2d 324, 327 (2nd Cir. 1982), *cert. den.* 462 U.S. 1131.

There are genuine issues of material fact as to whether or not George Goldner, Morris Levy and their affiliates deliberately concealed from plaintiffs the existence of plaintiffs' cause of action and deliberately diverted the Fools' royalties to themselves at plaintiffs' expense. There is also a factual issue as to whether or not, plaintiffs knew, or through the exercise of reasonable diligence could have known, that they were being swindled. Thus plaintiff Herman Santiago described how, at age fifteen, he was told by George Goldner that for space reasons his name could not be printed on the Fools recording:

> I did not understand the significance of what he was doing at the time. I knew how to compose lyrics and melodies, and how to sing, but I did not know about the business of music, especially the dishonest way it was being practiced at the time by George Goldner and later by Morris Levy and his related companies. . . . Mr. Goldner said that Jimmy Merchant (whose name was left off the contract) would be given credit (with Lymon and myself) as writers of *Fools*, but this obviously was never done. We didn't know anything about copyrights or copyright practices and Goldner never mentioned this to anyone, except that he would take care of it for us. *See* Affidavit of Herman Santiago, ¶¶ 8-9.

As noted *supra*, Goldner proceeded to register himself as a half-owner of the Fools copyright, although the record in this case contains no evidence and defendants have not even attempted to assert that Goldner had anything to do with writing the song. Thus plaintiffs have presented a factual issue as

to whether or not there was a delay in the accrual of their copyright causes of action, and as to whether the statute of limitations with respect to those claims was tolled by the fraudulent concealment of Goldner, Levy and their related companies for some period of time subsequent to 1961.

Plaintiffs did, however, discover that they had a viable cause of action well before they brought suit in 1987. By 1979-1980 they had hired both an attorney and an investigator to determine the status of the Fools copyright. Their attorney at the time—seven years prior to the institution of this action—reported to plaintiffs that they had no registered interest in the copyright. Plaintiffs had never received any royalties from the song in the 19 year period between 1961 and 1980, and from this they should have been able to infer that no interest of theirs in the copyright of Fools was on the registry at the Copyright Office. This should have suggested to them, certainly by 1980, that they had a viable cause of action.

Plaintiffs assert that they asked Morris Levy for their royalties on more than one occasion but were told they were not owed anything. Plaintiff Santiago testified by deposition that he visited Morris Levy in an attempt to obtain Fools royalties on 3 or 4 occasions between the mid 1960's and 1984:

> At different times, I went with Sherman Garnes to see if there was any money there, and Levy said there was nothing there for us to get out of there, get away from there. . . I went back there again, because I felt that there was some money there for us, because every time we turned around, our records were playing on the air so I felt that something had to give. Santiago Dep. at 32, Defendants' Motion for Summary Judgment, Ex. B.

Thus under federal accrual principles or the fraudulent concealment doctrine, plaintiffs cannot claim that they were unaware of their copyright claims or that they were reasonably diligent during the period from 1961 to 1987 in attempting to discover whether or not they had a cause of action. At most, plaintiffs could attempt to invoke the fraudulent

concealment doctrine to toll the statute of limitations only until 1980.[3]

2. *Duress*

A second doctrine which may have tolled the statute of limitations with respect to plaintiffs' claims against the Levy defendants was duress. Neither party has cited any case which has considered whether the Copyright Act's statute of limitations may be tolled by duress. In order to determine whether a duress toll is applicable to a federal limitations period, the appropriate inquiry is whether the recognition of such a toll would be consistent with the federal statute at issue. *See Emirch v. Touche Ross & Co.* 846 F.2d 1190, 1199 (9th Cir. 1988).

I hold that under the facts of this case, the recognition of a toll for duress would be consistent with the purposes of the Copyright Act and that the duress toll which should be utilized is that provided under the law of this court's forum state, New York.

Under New York law, duress is available to toll a statute of limitations only where "duress is part of the cause of action alleged". *Cullen v. Margiotta supra*, 811 F.2d at 722 (quotation omitted). The toll continues until the plaintiff's "compulsion through fear ceased." *Id.* at 722 (quotation omitted):

> [New York law] stands only for the proposition that duress tolls the running of a statute of limitations if duress against the plaintiff is an element of the cause of action asserted. If a plaintiff was under some duress from the defendant not to sue but duress is not part of the

---

[3] Despite the facts recounted *supra*, plaintiffs claim in their affidavits that they were not aware of any claim to the Fools royalties until 1984. *See* Santiago Aff. ¶ 21 ("I was not aware of any claim to collect royalties as writers or publishers for *Fools* until my initial communication with Charles Rubin of Artists Enforcement Corp. and attorney Richard Bennett in 1984."); Merchant Aff. ¶ 20 (Identical affirmation). These conclusory assertions are directly contradicted by plaintiffs' own testimony and come close to being violative of Fed. Rule of Civil Procedure 56(g).

gravamen of his claim, New York courts do not toll the statute of limitations.

Cullen supra 811 F.2d at 722.

This restriction on the use of the duress toll under New York law dates from an 1897 New York Court of Appeals decision, *Piper v. Hoard* 107 N.Y. 67 (1897). One court has noted that among the rationales for the limitation on the use of the duress toll are "the undesirability of a rule that turns on the reasonableness of reliance upon threats", the ease with which such threats can be fabricated,and judicial reluctance to create new defenses to the use of the statute of limitations bar. *Baratta v. Kozlowski* 464 N.Y.S. 2d 803, 806 (A.D. 2 Dept. 1983). In *Baratta* the court held that death threats made by the defendant for the purpose of persuading the plaintiff not to sue in a fraud action were insufficient to toll the statute of limitations, where such death threats were not connected to plaintiff's underlying claims.

In this case, plaintiff's complaint does not include any claim which explicitly has duress or coercion as one of its elements. There is a factual question, however, as to whether or not the duress which may have been exercised by the defendants was so integrally related to plaintiffs' cause of action as to toll the statute. The entire course of the 37 year relationship between the parties and the manner in which plaintiffs assert that title to the Fools copyright was acquired by the defendants (other than Lymon) suggests a continuing pattern of duress which was directed not only toward preventing plaintiffs from suing, but toward allowing the defendants to acquire and hold title to the Fools copyright. Thus the duress impinged directly upon the gravamen of plaintiffs' claim. When, as plaintiffs assert, George Goldner told twelve and fifteen-year-old songwriters that he would take care of copyrighting the song they had written and when Morris Levy told plaintiffs that there would be no royalties for them and that they would be killed if they pursued the matter, the duress exerted upon plaintiffs not only prevented them from suing, but along with defendants' fraud, it constituted the mechanism through which the defendants acquired and

retained the Fools copyright. Under these circumstances, plaintiffs should be allowed to demonstrate at trial that, with respect to all the defendants other than Emira Lymon, the statute of limitations was tolled for part or all of the period between the time plaintiffs' claim accrued and the time they brought suit.

3. *Equitable Estoppel.*

Plaintiffs also assert that the Levy defendants should be estopped from relying upon a statute of limitations defense by virtue of their fraud. The equitable estoppel doctrine as applied to toll a limitations period has had various judicial formulations. The Second Circuit noted in one case that the doctrine applies where "the plaintiff knew of the existence of his cause of action but the defendant's conduct caused him delay in bringing his lawsuit." *Cerbone v. International Ladies Garment Workers supra* 768 F.2d 45, 50 (2nd Cir. 1985). The *Cerbone* court noted that the doctrine is most often utilized in cases where defendants lull plaintiffs into not bringing suit by engaging in settlement negotiations or by misrepresenting the length of a limitations period. *Id.* at 50.

4. *Laches and Equitable Estoppel Against the Plaintiffs.*

In addition to their statute of limitations argument, defendants argue that they should be granted summary judgment by virtue of the laches doctrine. Laches will bar an action where a plaintiff is guilty of unreasonable delay in bringing suit, if the defendant is prejudiced by the delay. *See Stone v. Williams* 873 F.2d 320 (2nd Cir. 1989) ("*Stone I*") *reversed and remanded* 891 F.2d 401 (2nd Cir. 1989) ("*Stone II*") *cert. den.* 110 S. Ct. 3215. The *Stone* decisions are particularly instructive in this case since they contain detailed discussions by the Second Circuit of the laches defense in a suit to recover royalties under a copyright.

The Second Circuit in *Stone I* analyzed the factors of plaintiff's delay and the resulting prejudice to a defendant. With delay the focus is not on the length of a delay but on its rea-

sonableness. This analysis is then balanced against the prejudice suffered by a defendant by virtue of a delay:

> "Where there is no excuse for delay. . . defendants need show little prejudice; a weak excuse for delay may, on the other hand, suffice to defeat a laches defense if no prejudice has been show."

873 F.2d at 625. Among the types of prejudice recognized by the court in *Stone I* were the inability to defend an action by virtue of the death of witnesses and actions taken by a defendant in reliance upon the absence of a suit by a plaintiff.

In *Stone II*, however, the Second Circuit, which vacated its earlier rulings that plaintiff's claims were barred by laches, introduced additional layers into the analysis, most notably that of wrongful concealment. The court relied upon findings of fraud which had been made in a related state action, focused upon the egregious conduct of the defendants, and held that any prejudice suffered by the defendants had been caused by their own wrongful conduct in concealing plaintiff's claims:

> One who seeks Equity's assistance must stand before the court with clean hands (quotation omitted) . . . [I]n reassessing the equitable circumstances peculiar to this case, the equities fall on plaintiff's side. . . To allow defendants to bar plaintiff from claiming her rights when the availability of the laches defense was obtained by them in such an unworthy manner would not only grant defendants a windfall in this suit to which they are not entitled, but would also encourage a party to deliberately mislead a court.

Stone II 891 F.2d at 405.

In this action there was a long delay in bringing suit, which was partially excusable and partially the result of plaintiffs' neglect. Defendants will suffer prejudice by having to defend this action many years after the fact. Plaintiffs' delay, however, was caused in substantial part by the wrongful conduct of George Goldner and the Levy defendants, who would benefit from their own wrongdoing if plaintiffs were barred

by the laches doctrine from bringing suit at this juncture. The "equities fall on plaintiff's side." *Stone II*, 891 F.2d at 405. The Levy defendants' motion for summary judgment premised upon the doctrine of laches is therefore denied.

The Levy defendants argue that summary judgment is appropriate because plaintiffs should be equitably estopped from pursuing their claims by virtue of their delay. The equitable estoppel doctrine "prevents one party from enforcing rights which would result in a fraud or injustice upon a second party who, in justifiable reliance upon the former parties' words or conduct, had been misled into acting upon the belief that such enforcement would not be sought." *Travellers Intern AG v. Trans World Airlines* 722 F. Supp. 1087, 1098 (S.D.N.Y. 1989) (citations omitted).

Given the allegations in this case that the Levy defendants defrauded and threatened plaintiffs in order to prevent them from obtaining copyright royalties it is difficult to see why these defendants should be entitled to assert an equitable estoppel defense now.

With respect to the Levy defendants there are genuine issues of material fact as to whether or not plaintiffs' suit was timely commenced. The Levy defendants' motion for summary judgment is therefore denied in all respects.

V

Whatever force the fraudulent concealment and duress tolling arguments have with respect to the Levy defendants, they have none when applied to Emira Lymon. No evidence in the record warrants the conclusion that Emira Lymon fraudulently concealed the existence of plaintiffs' cause of action, or exerted duress upon plaintiffs, in order to prevent them from pursuing their claims. Thus even were plaintiffs able to demonstrate that they did not discover their cause of action for a time, and even were the statute of limitations deemed tolled during the period between 1984 and 1987 (when plaintiffs allege they refrained from bringing suit based upon Emira Lymon's promise that she would do so), the statute of

limitations would have run with respect to the claims asserted against Emira Lymon long before 1984.[4] Defendant Emira Lymon's motion for summary judgment with respect to plaintiffs' copyright claims is therefore granted.

VI

While the parties have focused only upon plaintiffs' copyright claims in their submissions, plaintiffs have also asserted claims for common law fraud and misappropriation, negligence and breach of fiduciary duty, violation of the Sherman Act, 15 U.S.C. § 1 *et. seq.*, violation of the Lanham Act, 15 U.S.C. § 1125(a) and the imposition of a constructive trust on the Fools royalties held by the defendants.

1. *The Levy Defendants.*

These claims have varied applicable statutes of limitations, and the analysis of the tolling principles applicable to each claim might necessitate an analysis different from that outlined above. The Levy defendants have made no argument, however, in their memoranda of law as to why these claims may have been untimely commenced. Thus I find it unnecessary to determine whether or not these claims were commenced within the applicable limitations period. I strongly suspect, however, that in the event the Levy defendants had argued for the dismissal of these claims on statute of limita-

---

[4] It is arguable that the equitable estoppel doctrine tolled the statute during the period between 1984, when plaintiffs assert they agreed with defendant Emira Lymon jointly to pursue the copyright royalties, and 1987, when plaintiffs claim they discovered that Lymon would not live up to the alleged agreement. If plaintiffs were able to demonstrate that they were lulled into not bringing suit by the alleged 1984 agreement with Lymon they would perhaps be entitled to rely upon an equitable estoppel toll during the period between 1984 and 1987. But this limited tolling, even if available, would not have been sufficient to prevent the statute of limitations from imposing a bar with respect to Emira Lymon, who is not alleged to have been involved in the wrongful conduct of the Levy defendants.

tions grounds the result would have paralleled the result I have reached on plaintiffs' copyright claims.

2. *Emira Lymon.*

In addition to the copyright claim, the only remaining claim in plaintiffs' complaint which could be construed as being directed at Emira Lymon is plaintiffs' seventh cause of action, which asserts that the monies earned from Fools should be held by the defendants in a constructive trust for plaintiffs' benefit. While this count is pleaded in a confusing manner, it apparently alludes to the alleged 1984 oral agreement between plaintiffs and Emira Lymon under which Lymon agreed to attempt to obtain ownership of the copyright in equal shares for Lymon, Merchant and Santiago. The seventh count seems to suggest, without properly pleading any claim, that Emira Lymon committed a breach of a contractual or quasi-contractual duty to plaintiffs by not honoring this agreement. Any alleged oral agreement between plaintiffs and Emira Lymon is, however, barred by the Copyright Act's statute of frauds, 17 U.S.C. § 204(a), which requires that to be enforceable any transfer of a copyright must be in writing. *See also Mellancamp v. Riva Music Ltd.* 698 F. Supp. 1154 (S.D.N.Y. 1988); *Techniques Inc. v. Rohn* 592 F. Supp. 1195 (S.D.N.Y. 1984) (17 U.S.C. § 204(a) makes unenforceable an oral contract for the transfer of copyright ownership.)

The 1984 agreement alleged by plaintiffs was to cooperate in a suit against the Levy defendants. The alleged agreement, however, was also implicitly in part an agreement to have the ownership of the copyright transferred, since under the agreement Emira Lymon would exchange a half interest in the copyright for a one-third interest, the difference going in equal shares to Merchant and Santiago.

In *Mellancamp, supra*, the court considered the effect of a contract for the conveyance of a music copyright (and related interests) which was partially covered by, and partially exempt from, New York's U.C.C. statute of frauds. The court noted that under New York law, a contract which was partially covered by the statute of frauds was unenforceable in its

entirety unless the portion of the contract not covered by the statute could be severed from the covered portion and separately enforced. *Mellancamp supra* 698 F. Supp. at 1162. *See also Apostolos v. R.D.T. Brokerage Corp.* 559 N.Y.S. 2d 295 (A.D. 1st Dept., 1990) (Same).

That portion of the alleged oral agreement which contemplated transfer of Emira Lymon's interests under the copyright cannot be severed from those portions of the agreement which arguably might be uncovered by the Copyright Act's statute of frauds. Thus even if it could be argued that the agreement by Emira Lymon, Santiago and Merchant to sue Morris Levy and his affiliated companies was not covered by the Copyright Act's statute of frauds, the statute clearly is implicated by Lymon's agreement to transfer part of her rights under the copyright to Merchant and Santiago.[5]

VII

Defendant Emira Lymon's motion for summary judgment is granted in its entirety and Emira Lymon is dismissed from this action.

Plaintiffs' suit will be allowed to proceed to trial only against the Levy defendants. This will leave a one-half ownership interest in the copyright with Emira Lymon and allow plaintiffs' claims against the Levy defendants to proceed with respect to the remaining one-half interest in the copyright.

SO ORDERED.

---

[5] In light of this holding, it is unnecessary to determine whether the enforcement of the alleged oral agreement between the parties may also be barred under New York's U.C.C. statute of frauds, U.C.C. § 1-206, which provides that sales of personal property in excess of $5,000 must be evidenced by a writing to be enforceable. The district court in *Mellancamp, supra*, however, carefully analyzed this provision and concluded that it applied to contracts for the transfer of copyrights. *Mellancamp, supra*, 698 F. Supp. at 1163.

/s/ VINCENT L. BRODERICK
VINCENT L. BRODERICK, U.S.D.J.

Dated: White Plains, New York
April, 15 1992

Copies have been mailed to:

Magistrate Naomi Reice Buchwald
Foley Square
40 Centre Street
New York, NY 10007

Ira Greenberg, Esq.
Summit Rovins & Feldesman
445 Park Avenue
New York, NY 10022

Carl Person
250 West 57th Street, Suite 529
uNew York, New York 10107-0100

No. 96-703

Supreme Court, U.S.
FILED
DEC 31 1996
CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, 1996

JIMMY MERCHANT and HERMAN SANTIAGO,

Petitioners,

—v.—

MORRIS LEVY, BIG SEVEN MUSIC CORP., ROULETTE RECORDS, INC., and WINDSWEPT PACIFIC ENTERTAINMENT CO.,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

BRIEF OF RESPONDENT WINDSWEPT PACIFIC ENTERTAINMENT CO. IN OPPOSITION

ALAN L. SHULMAN
Counsel of Record
SCOTT L. BAKER
JONATHAN J. ROSS
SILVERMAN & SHULMAN, P.C.
136 East 57th Street
New York, New York 10022
(212) 758-2020

Counsel for Respondent Windswept Pacific Entertainment, Co.

RULE 29.6 LISTING

The parent company of Respondent Windswept Pacific Entertainment Co. is FujiPacific Music, Inc. Windswept Pacific Entertainment Co. has no nonwholly-owned subsidiaries.

TABLE OF CONTENTS

		PAGE
TABLE OF AUTHORITIES		iv
STATEMENT OF THE CASE		1
SUMMARY OF ARGUMENT		3
REASONS FOR DENYING THE WRIT		5
POINT I	PETITIONERS DID NOT PRESENT *ANY* OF THE PETITION'S ARGUMENTS TO THE COURT OF APPEALS; THEY ARE RAISED HERE FOR THE FIRST TIME	5
POINT II	THE COPYRIGHT STATUTE OF LIMITATIONS IS CONSTITUTIONAL	7
A.	The Court of Appeals' Application of the Copyright Statute of Limitations is Completely Within the Power Conferred Upon Congress by the Constitution	7
B.	The Court of Appeals Ruling Accords With the Plain Meaning of the Statute of Limitations and the Statute's Underlying Policies of Repose	9
C.	The Court of Appeals Ruling Does not Impair the Public's Use of the Copyright Office Records and is Consistent With Established Precedent	12

PAGE

POINT III THE SECOND CIRCUIT'S OPINION IS IN HARMONY WITH THE NINTH AND FIFTH CIRCUITS' RULINGS 13

CONCLUSION 15

TABLE OF AUTHORITIES

Cases	PAGE
Adams v. Woods, 6 U.S. (2 Cranch) 336 (1805).....	11
Adickes v. S.H. Kress & Co., 398 U.S. 144 (1970)	5
Board of Regents v. Tomanio, 446 U.S. 478 (1980)....	8
Caminetti v. United States, 242 U.S. 470 (1917)	9
Campbell v. City of Haverhill, 155 U.S. 610 (1895)...	11
Community for Creative Non-Violence v. Reid, 490 U.S. 730 (1989)	4, 10
Denker v. Twentieth Century-Fox Film Corp., 10 N.Y.2d 339 (1961)	10
Eckes v. Card Prices Update, 736 F.2d 859 (2d Cir. 1984)	13
Edward B. Marks Music Corp. v. Wonnell, 61 F. Supp. 722 (S.D.N.Y. 1945)	13
Gaste v. Kaiserman, 863 F.2d 1061 (2d Cir. 1988)	12
Goodman v. Lee, 78 F.3d 1007 (5th Cir.), *cert. denied*, ___ U.S. ___, 117 S. Ct. 166 (1996) .	5, 6, 13, 14
Jackson v. Axton, 25 F.3d 884 (9th Cir. 1994).....	10, 12, 13
Jerry Vogel Music Co. v. Forster Music Publisher, 147 F.2d 614 (2d Cir.), *cert. denied*, 325 U.S. 880 (1945)	13
Merchant v. Levy, 92 F.3d 51 (2d Cir. 1996)	1, 3, 4, 7, 10, 13
Princeton University v. Schmid, 455 U.S. 100 (1982).	14
Sisson v. Ruby, 497 U.S. 358 (1990).....	5

PAGE

Soriano v. United States, 352 U.S. 270 (1957) 8

Stone v. Williams, 970 F.2d 1043 (2d Cir. 1992), *cert. denied*, 508 U.S. 906 (1993) 3, 4

United States v. James, 478 U.S. 597 (1986) 9

United States v. Kubrick, 444 U.S. 111 (1979) 7, 8

United States v. L. A. Tucker Truck Lines, 344 U.S. 33 (1952) 12

United States v. Ortiz, 422 U.S. 891 (1975) 6

United States v. Ron Pair Enterprises, 489 U.S. 235 (1989) 9

United States v. Shabani, 513 U.S. 10, 130 L. Ed. 2d 225 (1994) 12, 13

Whimsicality, Inc. v. Rubie's Costume Co., 891 F.2d 452 (2d Cir. 1989) 13

Zuill v. Shanahan, 80 F.3d 1366 (9th Cir. 1996), *petition for cert. filed*, 65 U.S.L.W. 3085 (U.S. July 10, 1996) (No. 96-119) 4, 7, 9, 10, 13

Constitution

U.S. Const. art. I, § 8, cl. 8 ..... 9, 11

Statutes

17 U.S.C. § 101 10

17 U.S.C. § 106(2) 10

17 U.S.C. § 304(a) 12

17 U.S.C. § 408(d) 12

17 U.S.C. § 507(b) 2, 7, 9

PAGE

17 U.S.C. § 1101(a) 14

17 U.S.C. § 1101(d) 14

Regulations

37 C.F.R. § 201.5 12

37 C.F.R. § 201.7(c)(4)(vi) 12

Rule

Sup. Ct. R. 10 5

Treatise

3 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright*, § 12.05 (1994) 3

3 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright*, § 12.11[B] (1996) 12

IN THE

Supreme Court of the United States

OCTOBER TERM, 1996

No. 96-703

JIMMY MERCHANT and HERMAN SANTIAGO,

Petitioners,

—v.—

MORRIS LEVY, BIG SEVEN MUSIC CORP., ROULETTE RECORDS, INC., and WINDSWEPT PACIFIC ENTERTAINMENT CO.,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

BRIEF OF RESPONDENT WINDSWEPT PACIFIC ENTERTAINMENT CO. IN OPPOSITION

Respondent Windswept Pacific Entertainment Co. ("Windswept") respectfully requests that this Court deny the Petition for a writ of certiorari to review the opinion of the United States Court of Appeals for the Second Circuit, reported at 92 F.3d 51 (1996).

STATEMENT OF THE CASE

This action represents petitioners' attempt to procure a copyright interest in the musical composition "Why Do Fools

Fall in Love?" ("FOOLS") based on their claim to have co-authored "FOOLS" with Frank Lymon in 1955. Petitioners waited until 1987, over thirty years after the song's creation, to file their complaint.[1] By that time, many key witnesses had died, including all of the other members of their musical group (the Teenagers) and two other individuals present in the studio when "FOOLS" was recorded. By the 1992 trial, defendant Morris Levy—another critical witness—had also died. Shortly after the jury verdict, Windswept, having purchased the "FOOLS" copyright in 1988, intervened in order to protect its ownership of "FOOLS."[2]

Petitioners mislead by referring to facts and jury findings which were rejected by the district court. For example, the district court set aside the finding that petitioners reasonably refrained commencing suit until December 1984, since the finding was "against the overwhelming weight of the evidence." Appendix to Petition ("App.") 42a-43a.[3] The district court thus held that the copyright statute of limitations[4]

---

[1] In examining petitioners' lengthy delay, the district court found that petitioners were not "reasonably diligent" in attempting to discover whether they had a cause of action, Appendix to Petition ("App.") 58a, their delay was "partially as a result of [their] neglect," App. 62a, and that petitioners "clearly slept on their rights." App. 23a, 55a. Petitioners did not challenge any of these findings on appeal.

[2] The district court held, "Responsibility for failure to join Windswept must be placed squarely with [petitioners]." App. 19a.

[3] The trial judge "express[ed] serious reservations about the truthfulness of Santiago's testimony concerning Levy's [purported 1969] threat," App. 44a n. 15, and found it "inconceivable" that Santiago would not have testified about the threat earlier in the litigation. *Id.* The prior district court judge also questioned petitioners' credibility and warned petitioners that the direct contradictions between petitioners' affidavits and their deposition testimony "come close to being violative of Fed. Rule of Civil Procedure 56(g)," which penalizes parties and attorneys for submitting affidavits in bad faith. App. 59a n. 3.

[4] 17 U.S.C. § 507(b) prohibits the maintenance of a civil action on a claim more than three years after it accrues.

applied to petitioners' ownership claims and that the statute was not tolled. App. 29a, 42-43a, 49a.

Nevertheless, the district court did not bar the declaratory relief. Rather, in apparent reliance on *Stone v. Williams*, 970 F.2d 1043 (2d Cir. 1992), *cert. denied*, 508 U.S. 906 (1993), the district court applied the statute of limitations to limit petitioners' recovery to royalties that accrued within three years of the filing of the complaint.[5] However, the Second Circuit in this case[6] ruled that *Stone*'s holding is limited to its "highly idiosyncratic facts" and that the statute of limitations for a co-authorship claim properly begins to run when the claim first accrues—in this case 1961—and absolutely bars declaratory relief three years thereafter. *Merchant v. Levy*, 92 F.3d 51 (2d Cir. 1996), App. 13a, quoting 3 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright*, § 12.05 at 12-108 n. 2.2 (1994). Petitioners now request that this Court review that Court of Appeals decision.

SUMMARY OF ARGUMENT

None of the questions and arguments contrived by petitioners (including their "constitutional" challenge to the Copyright Act's statute of limitations) were raised in the Court of Appeals or district court below. Instead, petitioners took contrary positions with respect to both questions presented. Petitioners' failure to raise any such questions and

---

[5] In *Stone*, an author's purported illegitimate child, whose status as the author's child was allegedly concealed from her for many years, sued to establish her status as a child of the deceased author and her resultant entitlement to the copyright renewals. While the court allowed the claim to be heard, it limited any recovery to royalties received within three years prior to commencement of the action. 970 F.2d at 1049-52.

[6] The distinguished panel consisted of Chief Judge Jon O. Newman and his immediate predecessors as Chief Judge, Senior Circuit Judges James L. Oakes and Wilfred Feinberg.

arguments below independently warrants denial of their Petition.

Petitioners' reference to a "conflict" with the Constitution is mere sophistry. Petitioners improperly juxtapose the jury's determination on the merits, which should never have taken place, with the statute of limitations' bar to petitioners' claims. As the harmonious decisions of the Second Circuit below and the Ninth Circuit in *Zuill v. Shanahan*, 80 F.3d 1366 (9th Cir. 1996), *petition for cert. filed*, 65 U.S.L.W. 3085 (U.S. July 10, 1996) (No. 96-119)[7], make clear, applying the limitations bar does not implicate the merits. It is beyond dispute that Congress may exercise its legislative power to provide for a statute of limitations in connection with an enactment of substantive rights. Indeed, petitioners have not cited a single case to the contrary.

The Second and Ninth Circuits' now-consistent application of the copyright statute of limitations to co-authorship disputes correctly follows this Court's articulation of the Copyright Act's policy of "*predictability and certainty of copyright ownership*," *Community for Creative Non-Violence v. Reid*, 490 U.S. 730, 749 (1989) (emphasis supplied), and the well-established principles of repose. The Second Circuit's decision appropriately follows this Court's teaching and "promotes the principles of repose integral to a properly functioning copyright market." *Merchant v. Levy*, 92 F.3d 51, 57 (2d Cir. 1996), App. 14a.

Finally, there is no conflict among the Circuits. The decisions of the Second and Ninth Circuits are now in harmony, and the inapposite Fifth Circuit decision presented by peti-

---

[7] The petition in *Zuill v. Shanahan* was filed prior to the Second Circuit's decision in this case and relies to a great extent upon a perceived conflict with a prior decision of the Second Circuit, *Stone v. Williams*, 970 F.2d 1043 (2d Cir. 1992), *cert. denied*, 508 U.S. 906 (1993). Any perceived conflict between the Second and Ninth Circuits has now been resolved and rendered moot by the Second Circuit's decision in this case.

tioners, *Goodman v. Lee*, 78 F.3d 1007 (5th Cir.), *cert. denied*, ___ U.S. ___, 117 S. Ct. 166 (1996), simply did not construe any statute of limitations in the context of a federal claim for declaration of co-authorship.

Moreover, since there does not appear to be (nor have petitioners posited) any state statute of limitations that would permit the filing of petitioners' twenty-six-year old claim, the second question presented is merely hypothetical, not justiciable. This Court does not have jurisdiction to render advisory opinions on hypothetical questions.

The absence of any conflict or unsettled legal question underscores the total lack of any "compelling reasons" for this Court's review. *See* Sup. Ct. R. 10. Consequently, the Petition should be denied.

REASONS FOR DENYING THE WRIT

POINT I

PETITIONERS DID NOT PRESENT *ANY* OF THE PETITION'S ARGUMENTS TO THE COURT OF APPEALS; THEY ARE RAISED HERE FOR THE FIRST TIME

This Court has consistently held that it will not consider questions not raised or considered on appeal, except in extraordinary cases. *E.g.*, *Sisson v. Ruby*, 497 U.S. 358, 359 n. 1 (1990); *Adickes v. S.H. Kress & Co.*, 398 U.S. 144, 148 n. 2 (1970). Despite years of opportunity during which petitioners were represented by five successive sets of lawyers, petitioners have never previously raised a single question or argument contained in their Petition. Petitioners' failure to raise *any* of these questions and arguments before the Court of Appeals (and the district court) warrants denial of the Petition.

Not only did petitioners fail to raise their arguments below, they actually took contrary positions on both questions they present for review. On the first question, petitioners assert that the copyright statute of limitations applies only to infringement actions, repeatedly mislabeling it the "infringement" statute of limitations. On appeal below, however, petitioners rejected just such contention, arguing that "the three year [copyright] statute of limitations applies to *all* civil actions under Title 17," not just infringement actions. Appellees' Brief at 21 n. 5 (emphasis supplied).

As a second reason for granting the writ, petitioners argue that if a statute of limitations applies to their ownership claim, it should be a state statute, alleging that "issues of ownership [should] be governed by state law." Petition at 15. Of course, this argument diametrically contradicts their appellate argument for application of the *federal* copyright statute. In fact, petitioners characterized this action below as one "for a declaratory judgment to establish co-authorship *under copyright legislation.*" Appellees' Brief at 14 (emphasis supplied).[8]

During eight years of litigation, petitioners did not favor any court below with their new arguments. They should not be permitted to visit contrary positions upon this Court for the first time. *See United States v. Ortiz*, 422 U.S. 891, 898 (1975) (Court would not consider issue where petitioners had taken contrary position on appeal).

---

[8] The inapposite decision in *Goodman v. Lee*, 78 F.3d 1007 (5th Cir.), *cert. denied*, ___ U.S. ___, 117 S. Ct. 166 (1996), upon which petitioners vainly rely to support their argument that a "state law" statute of limitations should be applied to the federal Copyright Act ownership claim, was not raised below even though decided over a month before oral argument in this action and over four months before the Court of Appeals rendered its decision. The Petition is not the proper place to first raise it.

Moreover, it is ironic that application of any state statute of limitations, as petitioners urge herein, would likely bar petitioners' claims. *See infra* p. 14.

POINT II

THE COPYRIGHT STATUTE OF LIMITATIONS IS CONSTITUTIONAL

A. The Court of Appeals' Application of the Copyright Statute of Limitations is Completely Within the Power Conferred Upon Congress by the Constitution

Petitioners' newly contrived "constitutional" challenge comes almost forty years after Congress enacted a uniform, three-year statute of limitations to apply in all civil copyright actions, 17 U.S.C. § 507(b), and on the heels of the Second and Ninth Circuits' harmonious application of the statute to bar tardy claims for co-authorship. *See Merchant v. Levy*, 92 F.3d 51 (2d Cir. 1996), App. 1a; *Zuill v. Shanahan*, 80 F.3d 1366 (9th Cir. 1996), *petition for cert. filed*, 65 U.S.L.W. 3085 (U.S. July 10, 1996) (No. 96-119) (*see supra* p. 4 n. 7).

In a weak attempt to justify their constitutional challenge, petitioners improperly juxtapose a jury's findings with the statute of limitations' bar by impliedly arguing that the bar cannot apply until the fact finder determines whether a defendant (or his predecessor) participated in the creation of the song, i.e. a full-blown determination on the merits. Petitioners' challenge fatally ignores the fundamental purposes of statutes of limitations, as this Court has eloquently explained:

> Statutes of limitations, which "are found and approved in all systems of enlightened jurisprudence," represent a pervasive legislative judgment that it is unjust to fail to put the adversary on notice to defend within a specified period of time and that "the right to be free of stale claims in time comes to prevail over the right to prosecute them." These enactments are statutes of repose; and although affording plaintiffs what the legislature deems a reasonable time to present their claims, they protect defendants and the courts from having to deal with

> cases in which the search for truth may be seriously impaired by the loss of evidence, whether by death or disappearance of witnesses, fading memories, disappearance of documents, or otherwise.

United States v. Kubrick, 444 U.S. 111, 117 (1979) (citations omitted). Petitioners' misleading scenario totally eviscerates the statute, which would thereby no longer protect the courts and parties from the dangers of stale claims. The jury finding is irrelevant since the statute's bar should have precluded the very existence of a jury verdict in the first place.

It is well-settled that, like any other claims, constitutional claims may be barred by statutes of limitations. *See, e.g., Board of Regents v. Tomanio*, 446 U.S. 478 (1980); *Soriano v. United States*, 352 U.S. 270 (1957). In *Board of Regents*, this Court reversed, on statute of limitations grounds, holdings of the district court and Court of Appeals that the due process clause of the Fourteenth Amendment entitled respondent to a hearing prior to the denial of her request to obtain a license to practice chiropractic medicine. 446 U.S. 478. Citing "[t]he importance of policies of repose," the Court held that since the statute of limitations barred respondent's claims, the Court did not need to reach the constitutional issue. *Id.* at 487-92. Nor would the *Soriano* Court hear the argument that petitioner's property was taken without just compensation, in violation of the Fifth Amendment, when such claim was barred by a statute of limitations. 352 U.S. 270, 274-75. As the Court reasoned in *Board of Regents*:

> . . . Congress, unless it has spoken to the contrary, did not intend by the mere creation of a "cause of action" or "claim for relief" that any plaintiff filing a complaint would automatically prevail if only the necessary elements of the federal substantive claim for relief could be established.

446 U.S. at 487. Likewise, the framers of the Constitution did not so intend. Tellingly, petitioners have not supported their

argument with any citation of a constitutional challenge to a statute of limitations.

Congress was granted the power to secure for authors copyrights for "limited times." U.S. Const. art. I, § 8, cl. 8. Accordingly, Congress has the authority to determine the conditions and limitations attendant to copyright protection. Congress' enactment of a statute of limitations to govern all civil copyright actions is squarely within the power conferred by the Constitution.

B. The Court of Appeals Ruling Accords With the Plain Meaning of the Statute of Limitations and the Statute's Underlying Policies of Repose

Petitioners ignore the most basic rule of statutory construction: where the terms of a statute are unambiguous, judicial inquiry is complete and the statute's plain meaning should be deemed conclusive. *United States v. Ron Pair Enterprises*, 489 U.S. 235, 241 (1989); *United States v. James*, 478 U.S. 597, 606 (1986). The language of the copyright statute of limitations could not be more obvious, applying to *all* civil actions "maintained under the provisions of this *title*." 17 U.S.C. § 507(b) (emphasis supplied).[9]

Petitioners also ignore the critical policy determinations made by Congress and explained by the Court. In *Zuill v. Shanahan*, the Ninth Circuit recognized the precise policies of repose underlying the copyright statute of limitations. "Copyright, like real estate, lasts a long time, so stability of title has great economic importance." *Zuill*, 80 F.3d at 1370. Both the Second Circuit below and the Ninth Circuit correctly followed this Court's interpretation of the Copyright Act's

---

[9] Petitioners' attempt to convert the word "title" into "chapter" by invoking the headings of Chapter 5 and former Chapter 2 of the Copyright Act is unavailing, since chapter headings are for convenience only and do not affect a statute's meaning. *Caminetti v. United States*, 242 U.S. 470 (1917).

underlying policies: "Congress' paramount goal in revising the 1976 Act [was] enhancing *predictability and certainty of copyright ownership*." *Community for Creative Non-Violence v. Reid*, 490 U.S. 730, 749 (1989) (emphasis supplied), *quoted in Zuill*, 80 F.3d at 1370; *see Merchant*, 92 F.3d at 57, App. 14a.

It is absolutely essential to an orderly market for the buying and selling of copyrights in musical works that a purchaser of such copyrights, like Windswept, be able to rely upon the principles of repose inherent in the statute of limitations. Such principles must bar a potential opposing claim to the ownership (and/or authorship) of a musical work registered for copyright where, as in this case, the opposing claimants, with knowledge of their purported authorship and respondents' claims, have delayed over twenty-six years after reaching majority in filing an action on their claim.

If latecomers, like petitioners, can claim and obtain a copyright ownership interest after decades have elapsed, they could then grant rights which would conflict with previously issued exclusive licenses. Such grants would cause a breach of the usual warranties by licensors, destroy the valuable exclusivity bargained for and invested in by licensees, and vitiate licensees' typical reliance on such exclusivity in the creation of "derivative works." *See, e.g., Denker v. Twentieth Century-Fox Film Corp.*, 10 N.Y.2d 339, 345 (1961) (licensee would not make investment in derivative work absent exclusivity); *see also* 17 U.S.C. §§ 101 & 106(2).

The Second Circuit appropriately found that application of the copyright statute of limitations to a co-authorship claim "promotes the principles of repose integral to a properly functioning copyright market." 92 F.3d at 57, App. 14a. *Cf. Jackson v. Axton*, 25 F.3d 884, 889 n. 4 (9th Cir. 1994) (noting same rationale for application of the statute of limitations and laches).

Petitioners' construction—that a claimant should be able to bring a co-authorship claim at any time during a song's copyright life—would encourage putative claimants to delay bringing their claims until key witnesses have died, as petitioners did. Then, a totally innocent defendant transferee may find it difficult, if not impossible, to defend its title—something it might have been able to do handily had the claimant timely sued when the witnesses were alive. Such approach violates all policies of repose underlying the statute of limitations.

This Court has previously rejected an attempt to eliminate the application of a statute of limitations in the context of a patent, which shares the same constitutional underpinning as copyrights. *See* U.S. Const. art. I, § 8, cl. 8. In *Campbell v. City of Haverhill*, 155 U.S. 610, 616-617 (1895), the Court foretold the harmful result of a failure to apply statutes of limitations to patent claims:

> we [would] have the anomaly of a distinct class of actions subject to no limitation whatever,—a class of privileged plaintiffs who, in this particular, are outside the pale of the law, and subject to no limitation of time in which they may institute their actions. The result is that users of patented articles, perhaps innocent of any wrong intention, may be fretted by actions brought against them after all their witnesses are dead, and perhaps after all memory of the transaction is lost to them. This cannot have been within the contemplation of the legislative power. As was said by Chief Justice Marshall in *Adams v. Woods*, [6 U.S.] 2 Cranch, 336, 342 [1805], of a similar statute: "This would be utterly repugnant to the genius of our laws. In a country within which not even treason can be prosecuted after the lapse of three years, it can scarcely be supposed that an individual would remain forever liable to a pecuniary forfeiture."

This reasoning applies with equal force to the instant case and compels denial of the Petition.

C. The Court of Appeals Ruling Does not Impair the Public's Use of the Copyright Office Records and is Consistent With Established Precedent.

Congress vested the Copyright Office with the power to promulgate regulations to allow for correction or amplification of copyright registrations. 17 U.S.C. § 408(d). In accordance with such regulations, petitioners had every opportunity to seek cancellation of the copyright registration on the grounds that the copyright claimant was incorrect, *see* 37 C.F.R. § 201.7(c)(4)(vi), or to file a supplementary registration to correct any purported error in the original registration, *see* 37 C.F.R. § 201.5. Instead, as the district court found, petitioners "clearly slept on their rights." App. 55a. Having chosen not to register their claims or otherwise correct the Copyright Office records, they should not now be heard to use the alleged inaccuracy of such records as a basis for seeking this Court's review.[10] Moreover, the statutory presumption of validity accorded to copyright registration certificates is *rebuttable*, merely ordering the burden of proof when a copyright's validity is questioned. 3 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 12.11[B] (1996); *Gaste v. Kaiserman*, 863 F.2d 1061 (2d Cir. 1988).

Petitioners' misleading reliance on an unspecified "century of precedent" is disingenuous at best, since none of the precedent cited by petitioners discusses time limitations.[11] Petitioners also miscite *Jackson v. Axton* as an example of a

---

[10] The issues raised by petitioners with respect to the authorship records of the Copyright Office vis-a-vis the duration of copyright are totally irrelevant. As a pre-1978 copyright, the renewal term of "FOOLS" is 47 years and is unaffected by the author's life. 17 U.S.C. § 304(a).

[11] It is axiomatic that decisions which do not discuss issues are not considered precedent on those issues. *United States v. L. A. Tucker Truck Lines*, 344 U.S. 33, 38 (1952); *see United States v. Shabani*, 513 U.S. 10,

court limiting co-authorship claims "only by equitable considerations." The Ninth Circuit expressly did not reject the statute of limitations; the court simply did not need to consider the statute since the case presented such a straightforward example of laches, *see* 25 F.3d at 887 n. 2, a point specifically cited by petitioners below. Appellees' Brief at 20.

POINT III

THE SECOND CIRCUIT'S OPINION IS IN HARMONY WITH THE NINTH AND FIFTH CIRCUITS' RULINGS

Despite petitioners' misleading contentions that the Second Circuit's decision is "contrary" to and in "conflict" with *Goodman v. Lee*, 78 F.3d 1007 (5th Cir.), *cert. denied*, ___ U.S. ___, 117 S. Ct. 166 (1996), the decisions present no inconsistency whatsoever, let alone a conflict worthy of this Court's intervention. Any difference in outcome between the cases is not due to any legal disagreement, but rather a stark factual difference—the federal ownership claim in *Goodman* was *timely*, while petitioners' claim was not.

Petitioners' claim accrued in 1961, the year they reached majority and were thus charged with knowledge of their claim. *Merchant v. Levy*, 92 F.3d 51, 55, App. 12a. The ownership claim in *Zuill v. Shanahan*, 80 F.3d 51 (9th Cir. 1996), *petition for cert. filed*, 65 U.S.L.W. 3085 (U.S. July 10, 1996) (No. 96-119), accrued four years before commencement of the action. 80 F.3d at 1368-69. Since the threshold co-authorship claims were barred in these two cases, neither the Second nor

---

___, 130 L. Ed. 2d 225, 231 (1994). The cases cited by petitioners did not consider statutes of limitations and are not precedent as to the limitations issue: *Whimsicality, Inc. v. Rubie's Costume Co.*, 891 F.2d 452, 456 (2d Cir. 1989); *Eckes v. Card Prices Update*, 736 F.2d 859 (2d Cir. 1984); *Jerry Vogel Music Co. v. Forster Music Publisher*, 147 F.2d 614 (2d Cir.), *cert. denied*, 325 U.S. 880 (1945); *Edward B. Marks Music Corp. v. Wonnell*, 61 F. Supp. 722 (S.D.N.Y. 1945).

Ninth Circuits had any reason to discuss which statute would have applied to the subsidiary accounting relief had the ownership claim been timely.[12]

Goodman's ownership claim, on the other hand, *was* timely. Specifically, Goodman filed her action within approximately one year of the time her ownership claim accrued.[13] 78 F.3d at 1010. Thus, there was no need for the court to analyze any statute of limitations in the context of the declaratory relief, *only* the resultant accounting relief. *Goodman* plainly did *not* hold that a state statute of limitations governs the *ownership* claim. Accordingly, *Goodman* does not conflict with the appellate rulings in either this case or *Zuill*.

Finally, even if a state statute applied in this case, petitioners do not explain how they could possibly avoid the bar of any such statute. Windswept is unaware of any state statute of limitations which would countenance petitioners' twenty-six-year delay. Consequently, petitioners have presented a *hypothetical* rather than a *justiciable* question to the Court, thus depriving it of jurisdiction to consider such question. This Court does "not sit to decide hypothetical issues or to give advisory opinions about issues as to which there are not adverse parties before" it. *Princeton University v. Schmid*, 455 U.S. 100, 102 (1982) (dismissing appeal).

---

[12] Contrary to petitioners' rhetoric concerning the newly enacted Chapter 11 of the Copyright Act, there was no "deliberate choice" to confine the statute of limitations to infringement actions only. In fact, any claims brought pursuant to Chapter 11, which neither discusses nor excludes application of the copyright statute of limitations, *see* 17 U.S.C. § 1101(a) & (d), would be subject to the limitations bar which applies to all actions maintained under title 17 of the United States Code.

[13] The *Goodman* complaint was filed in 1985. Goodman "did not know or should not have known" until 1984 that defendant co-author had listed himself as the sole author on the copyright registration. 78 F.3d at 1010.

CONCLUSION

For all of the foregoing reasons, the Petition for a writ of certiorari should be denied.

Respectfully submitted,

ALAN L. SHULMAN
Counsel of Record
SCOTT L. BAKER
JONATHAN J. ROSS
SILVERMAN & SHULMAN, P.C.
136 East 57th Street
New York, New York 10022
(212) 758-2020

Counsel for Respondent
Windswept Pacific
Entertainment Co.

Supreme Court, U.S.
FILED
JAN 3 1997
CLERK

No. 96-703

In The

Supreme Court of the United States

October Term, 1996

JIMMY MERCHANT AND HERMAN SANTIAGO,
Petitioners,

vs.

MORRIS LEVY, BIG SEVEN MUSIC CORP., ROULETTE RECORDS, INC. AND WINDSWEPT PACIFIC ENTERTAINMENT CO.,

Respondents.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Second Circuit

BRIEF IN OPPOSITION FOR RESPONDENTS MORRIS LEVY, BIG SEVEN MUSIC CORP. AND ROULETTE RECORDS, INC.

LEON BAER BORSTEIN
Counsel of Record
JAMES B. SHEINBAUM
BORSTEIN & SHEINBAUM
Attorneys for Respondents Morris Levy, Big Seven Music Corp. and Roulette Records, Inc.
420 Lexington Avenue
Suite 2920
New York, New York 10170
(212) 687-1600

70272
(800) 3 APPEAL • (800) 5 APPEAL • (800) BRIEF 21
Lutz Appellate Services, inc.

QUESTION PRESENTED FOR REVIEW

Whether the three year statute of limitations contained in the 1909 Copyright Act, 17 U.S.C. § 115(b), bars an action seeking a declaratory judgment declaring that Petitioners are co-authors of a musical composition commenced in 1987, more than three years after the musical composition was copyrighted in 1956 and was publicly exploited continuously since January 1956 by third parties who the Petitioners allege are not the authors or co-authors of the musical composition?

RULE 29.6 LISTING

The parent company of Respondents Big Seven Music Corp. and Roulette Records, Inc. is ABZ Music Corp. ABZ Music Corp. does not have any nonwholly owned subsidiaries.

TABLE OF CONTENTS

	Page
Question Presented for Review	i
Rule 29.6 Listing	ii
Table of Contents	iii
Table of Citations	v
Statute Involved	1
Statement of the Case	1
A. Nature Of The Case	1
B. The Relevant Factual Background	2
i. The Recording And Public Release Of The Song	2
ii. The Copyright Owners Of The Song	2
iii. Petitioners' Unexcused Delay In Commencing This Action And The Resulting Prejudice To The Levy Respondents	4
C. The Relevant Proceedings And Disposition Below	6
i. The District Court	6
ii. The Second Circuit Court Of Appeals	6

Contents

	Page
Reasons for Denying the Writ	8
I. Petitioners Did Not Previously Raise The Points Now Raised And The Court Of Appeals Did Not Consider The Newly Raised Points.	8
II. The Copyright Act Statute Of Limitations Is Constitutional.	9
III. The Constitution Does Not Limit Copyright Protection To "Authors".	13
IV. The Interest Of Preserving The Integrity Of The Copyright Office Records Does Not Justify An Unlimited Right To Obtain A Declaration Of Authorship.	15
V. The Application Of The Statute Of Limitations By The Circuit Court In This Case Is Not Contrary To Precedent.	17
VI. The Application Of The Statute Of Limitations By The Circuit Court In This Case Does Not Create A Conflict In The Circuits.	18
Conclusion	20

Contents

Page

TABLE OF CITATIONS

Cases Cited:

Adickes v. S.H. Kress and Co., 398 U.S. 144 (1970) .. 9

Campbell v. City of Haverhill, 155 U.S. 610 (1895) .. 11

Community For Non-Violence v. Reed, 490 U.S. 730 (1989) 16

Goldstein v. California, 412 U.S. 546 (1973) 14

Goodman v. Lee, 78 F.3d 1007, *cert. denied*, __ U.S. __, 117 S. Ct. 166 (1996) 18, 19

Harrington v. Mure, 186 F. Supp. 655 (S.D.N.Y. 1960) 19

Holmberg v. Ambrecht, 327 U.S. 392 (1946) 10

Jackson v. Axton, 25 F.3d 884 (9th Cir. 1994) 17

Jerry Vogel Music Co., Inc. v. Miller Music, Inc., 272 App. Div. 571, 74 N.Y.S. 2d 425 (1st Dept. 1947), *aff'd*, 299 N.Y. 782, 87 N.E. 2d 681 (1949) 19

Kapplow v. Arelard Schulman Limited, 21 Misc. 2d 306, 193 N.Y.S. 2d 931 (Sup. Ct. N.Y. Co. 1959) 19

Contents

Page

Korman v. Iglesias, 736 F. Supp. 261 (S.D. Fla. 1990) 19

Merchant v. Levy, 92 F.3d 51 (2nd Cir. 1996) 17, 19

Mountain States Properties v. Robinson, 771 P.2d 5 (Col. App. 1988) 19

Oddo v. Reis, 743 F.2d 630 (9th Cir. 1984) 19

Stone v. Williams, 970 F.2d 1043 (2d Cir. 1992), *cert. denied*, 508 U.S. 906 (1993) 8

United States v. Kubrick, 444 U.S. 109 (1979) 12

Zuill v. Shanahan, 80 F.3d 1366 (9th Cir. 1996), *petition for cert. filed*, 65 U.S.L.W. 3085 (U.S. July 10, 1996) 17, 18, 19

Statutes Cited:

17 U.S.C. § 1 *et seq.* 13

17 U.S.C. § 101 *et seq.* 13

17 U.S.C. § 106 16

17 U.S.C. § 115(b) ..... i, 1, 6, 10, 13

17 U.S.C. § 201(d)(1) 14

Contents

Page

17 U.S.C. § 201(d)(2) 14

17 U.S.C. § 302(a) 11

17 U.S.C. § 302(b) 11

17 U.S.C. § 304(a) 16

17 U.S.C. § 409(2) 15

17 U.S.C. § 507(b) 10, 13

United States Constitution Cited:

Article 8, § 8, cl. 8 ..... 10, 11

Respondents Morris Levy, Big Seven Music Corp. and Roulette Records, Inc. (the "Levy Respondents") respectfully request that this Court deny the Petition for Writ of Certiorari that seeks review of the opinion of the United States Court of Appeals for the Second Circuit. The opinion is reported at 92 F.3d 51 (2d Cir. 1996) and is reprinted in the Appendix of the Petition for Certiorari.

STATUTE INVOLVED

Section 115(b) of the Copyright Act of 1909, 17 U.S.C. § 115(b), provides:

> § 115. Limitations.
>
> (b) Civil actions.
>
> No civil action shall be maintained under the provisions of this title unless the same is commenced within three years after the claim accrued.

STATEMENT OF THE CASE

A. Nature Of The Case

This is an action to determine the co-authorship and co-copyright ownership of the musical composition "Why Do Fools Fall In Love" (the "Song") commenced on October 7, *1987.*

Distilled to its essence, the Complaint alleges that Petitioners co-authored the Song in *1955* and that the Levy Respondents or their predecessors in interest publicly and commercially wrongfully exploited the Song since *1956* as co-authors and co-owners of the copyright in the Song without

paying royalties to Petitioners. The relief sought is a declaratory judgment that Petitioners are co-authors of the Song and co-owners of the copyright to the Song and a judgment for damages equal to the amount of royalties allegedly wrongfully collected and not paid to Petitioners as a result of the Levy Respondents' exploitation of the Song.

All of Petitioners' claims and rights are based upon the allegation that they co-authored the Song with Frankie Lymon in 1955.

B. The Relevant Factual Background

i. The Recording And Public Release Of The Song

The Song was written in 1955. It was recorded by the musical group publicly known as Frankie Lymon and the Teenagers in or about December 1955 in New York. Petitioners were members of the Teenagers along with Frankie Lymon, Joe Negroni and Sherman Garnes.

The Song was publicly released and distributed on a phonograph record in January 1956 by Gee Records and published by Patricia Music. Both companies were owned by George Goldner. The Song was a number 1 hit in 1956 and sold over 1 million copies.

ii. The Copyright Owners Of The Song

Petitioners never filed an application for copyright in the Song. Petitioners are not the registered owners of the copyright in the Song. On February 13, 1956, the copyright for the published version of the Song was obtained. The copyright certificate of registration for the Song, which has been publicly available in the Copyright Office since February 13, 1956, lists

Frankie Lymon and George Goldner as the authors of the Song. At this same time, Frankie Lymon granted Patricia Music and Gee Records the right to exploit his copyright interest in the Song.

In 1964, George Goldner sold his interest in Gee Records and Patricia Music to Respondent Morris Levy. As a result, Respondent Morris Levy acquired the rights of George Goldner, Gee Records and Patricia Music to the Song. Thereafter, the Levy Respondents commercially exploited the Song.

In 1964, the public copyright records were amended to indicate that Respondent Morris Levy was a co-author of the Song in place of George Goldner. This amendment was based upon Respondent Morris Levy's purchase in 1964 of all of George Goldner's rights in the Song.

Thus, by 1964, as a result of Respondent Levy's purchase of George Goldner's rights in 1964 the Levy Respondents were commercially exploiting the Song as the owners of the entire copyright.

In 1965 and 1966, the Levy Respondents independently acquired the entire interest of co-author Frankie Lymon in the Song.

On September 16, 1988, the Levy Respondents sold their interest in the Song to Respondent Windswept Pacific Entertainment Co. ("Windswept"). Since that sale in 1988, Respondent Windswept has been commercially exploiting the Song.

iii. Petitioners' Unexcused Delay In Commencing This Action And The Resulting Prejudice To The Levy Respondents[1]

In the District Court below, there was no dispute that due to death of critical witnesses, fading memories and missing documents and physical evidence, the Levy Respondents were seriously prejudiced in preparing and presenting their defense.

Most of the potential witnesses to the actual writing of the Song were dead well before the trial of this action. Frankie Lymon, an undisputed co-author of the Song died in 1968. (A-205). In 1970, George Goldner, a co-author listed on the copyright certificate, who was in the studio at the time of the recording of the Song, also died. (A-171; 205). About a decade prior to the commencement of this action, the two remaining members of the original Teenagers, Sherman Garnes and Joe Negroni died, respectively, on February 26, 1977 and September 5, 1978. (A-127; 205-06). Jimmy Wright, the band leader and saxophone player during the 1955 recording session of the Song was also dead by the time the action was commenced. (A-171; 206). In addition, in 1990, Morris Levy, who was listed as the copyright owner of the Song from 1965 on, died. (A-124).

---

1. "App. followed by page numbers" refers to pages in the Appendix attached to the Petition for Certiorari.

"(A- followed by page numbers)" refers to pages in the Appendix in the Second Circuit Court of Appeals.

"Resp. Br." refers to the Brief of the Levy Respondents in the Second Circuit Court of Appeals in support of their appeal.

"Pet. Br." refers to the Brief In Opposition of the Petitioners to the Brief of the Petitioners submitted to the Second Circuit Court of Appeals.

By the time this action was commenced in 1987, the 1955 recording session tapes (A-212-14), pieces of paper allegedly with the words and music in the author's handwriting and the love letters that allegedly were a basis for the Song, were no longer available. (A-102; 139 164-65 183; 185-86).

Over the course of the years 1956 to 1987, more than a million publicly distributed copies of the Song credited George Goldner and Frankie Lymon, not Petitioners, as the authors. (A-320; 328-29). Petitioners were fully aware of these credits. (A-172; 187). However, Petitioners never complained to the Levy Respondents about the credits. (A-187; 255; 273).

In September or October 1979, Petitioners were informed by Jeri Spencer of the Copyright Service Bureau, that according to the records of the Copyright Office, Petitioners were not the copyright owners of the Song. (A-119-120; 257; 312-315). In 1981, this information was reconfirmed to Petitioners by Clark Marcus, a lawyer retained by Petitioners. (A-120-21; 316-19).

On September 27, 1984, Emira Lymon, Frankie Lymon's widow, filed an action in the Southern District of New York claiming that Frankie Lymon was the sole author of the Song. (A-148; 199). Petitioners were fully aware of this action. (A-148; 199). In fact, in 1984, Petitioners were also represented by the same lawyer as Emira Lymon. (A-18; 19; 61; 147-48).

It is undisputed that between January 3, 1956, when the Song was publicly released (A-110), and October 7, 1987, when this action was commenced (A-18), Petitioners never commenced any legal action seeking to establish their claim to be co-authors of the Song or demanding author's royalties. (A-144; 149; 179).

C. The Relevant Proceedings And Disposition Below

i. The District Court

In the District Court, the Levy Respondents made a pretrial motion to dismiss the case on the ground of the statute of limitations. The District Court denied the motion. App. 56a-65a. The grounds for denial included the District Court's conclusion that a jury question existed as to whether the statute of limitations was tolled. App. 61a.

In the District Court, the trial of the case was bifurcated. App. 6a. The issue of who were the co-authors of the Song with Frankie Lymon was tried to a jury. App. 24a; 27a. The jury found that Petitioners were co-authors of the Song with Frankie Lymon. App. 27a.

With respect to the issue of tolling the statute of limitations, the trial court reversed the jury finding of a threat sufficient to toll of the statute of limitations on the ground of duress because the claim "fails as a matter of law" and such claim was "against the overwhelming weight of the evidence." App. 41a; 42a. The District Court held that Petitioners "may only pursue those damages which accrued within three years of this lawsuit." App. 43a.

ii. The Second Circuit Court Of Appeals

In the Circuit Court, the Levy Respondents argued, *inter alia,* that the if action was governed by the Copyright Act, the claim for a declaration of authorship was barred by the 3 year statute of limitations contained in 17 U.S.C. § 115(b) of the 1909 Copyright Act. Resp. Br. Point II.

The Second Circuit agreed with the Levy Respondents and

dismissed the action based upon the three year Copyright Act statute of limitations. App. 3a. The Circuit Court specifically held:

> We hold that plaintiffs claiming to be co-authors are time-barred three years after accrual of their claim from seeking a declaration of copyright co-ownership rights and any remedies that would flow from such a declaration. . . . (Citation omitted).

App. 13a-14a.

In reaching this holding, the court below reasoned as follows:

> A cause of action accrues when a plaintiff knows or has reason to know of the injury upon which the claim is premised. . . . The jury found that Plaintiffs were charged with knowledge of their claim as of 1961, the year they attained the age of majority. Thus, Plaintiffs' claim accrued in 1961, but they did not initiate suit until 26 years later. Though Plaintiffs contend on appeal that the statute was tolled, the basis for such tolling, duress, did not arise until 1969, ending in 1984. By 1969, however, the three-year statute of limitations had long since expired. (Citation omitted).

App. 12a-13a.

REASONS FOR DENYING THE WRIT

I.

PETITIONERS DID NOT PREVIOUSLY RAISE THE POINTS NOW RAISED AND THE COURT OF APPEALS DID NOT CONSIDER THE NEWLY RAISED POINTS.

Petitioners raise two principal grounds in support of their petition.[2] First, the Circuit Court's interpretation of the statute of the Copyright Act's statute of limitations "frustrates the Constitutional mandate limiting copyright protection to authors". Petition at 7. Second, an alleged conflict in the circuit courts "as to whether a state or federal statute of limitations should apply to co-ownership claims." *Id.* at 8. Neither of these grounds were raised in the Court of Appeals or District Court below and were not considered by either of the courts below. Petition at 7, 10, 14, 16, App. 1a-67a. Petitioners have not demonstrated any extraordinary circumstances that would impel this Court to consider for the very first time their newly confected arguments.

In fact, Petitioners have not been completely candid with this Court. In the courts below, Petitioners vigorously argued that the claim for declaration of authorship and ownership of the copyright in this action was governed by the Copyright Act's statute of limitations as construed in *Stone v. Williams*, 970 F.2d 1043 (2d Cir. 1992), *cert. denied*, 508 U.S. 906 (1993). Now, however, in a complete about face, Petitioners argue that "the

---

2. Petitioners also present two secondary arguments: (i) that there is an interest in preserving the integrity of the Copyright Office records which justifies an unlimited right to obtain a declaration of true authorship and (ii) the application of the statute of limitations in this case is contrary to lower court precedent. Petition at 10-11. Neither of these points were raised in or considered by the courts below. As discussed in Points IV and V hereafter, neither point is meritorious.

issues of ownership [are] to be governed by *state-law*". (Emphasis added). Petition at 15.

Under these circumstances, this Court should not, for the first time in this case, consider the issues now raised in this Court by Petitioners which were not raised before nor considered by the courts below. *See, e.g., Adickes v. S.H. Kress and Co.*, 398 U.S. 144, 147-48 n .2 (1970) and cases cited therein ("Where issues are neither raised before nor considered by the Court of Appeals, this Court will not ordinarily consider them. . . ." (citations omitted)). Accordingly, the Writ for Certiorari should be denied.

II.

THE COPYRIGHT ACT STATUTE OF LIMITATIONS IS CONSTITUTIONAL.

Petitioners' first argument in support of their Petition is that the interpretation of the Copyright Act statute of limitations by the Circuit Court below as limiting a claim for a declaration of authorship to three years from the date that the claim accrued renders the statute unconstitutional. Petition Point I at 8-10. This contention is without merit.

Petitioners do not contend that Congress exceeded its constitutional authority by enacting a statute of limitations in the Copyright Act. *Id.* They maintain, however, that any interpretation of that statute which in any way limits the time period in which an "author" may make a claim to establish his or her status as an "author" under the Copyright Act is unconstitutional. No direct authority is cited for this argument.

The portion of the Constitution relied upon by Petitioners specifically provides that "Congress shall have Power . . . to promote the Progress of Science and useful Arts, *by securing*

for limited Times to Authors . . . the exclusive right to their respective Writings. . . ." (Emphasis added). U.S. Const. Art. 8, § 8, cl. 8. Thus, the Constitution specifically grants Congress the power to place *time limits* on the scope of an author's exclusive rights. Nothing in the Constitution limits Congress' power to determine when the cut-off of the "authors" benefits under the Copyright Act will occur.[3] *Cf. Holmberg v. Ambrecht*, 327 U.S. 392, 395 (1946) ("If Congress explicitly puts a limit upon the time for enforcing a right which it created, there is an end of the matter. The congressional statute of limitation is definitive.").

Plainly, a statute of limitations curtailing the right of an "author" to obtain the benefits of the Copyright Act is permissible within this specific constitutional grant of power. *A fortiori*, the constitutionally permissible statute of limitations will, at some point, cut off the "author's" rights to obtain the benefits accorded to an "author" under the Copyright Act.

Petitioners portray the Circuit Court's interpretation of the statute of limitations as barring a claim for declaration of authorship to a copyrightable work as being an absolute 3 years. However, under the Circuit Court's interpretation of the Copyright Act statute of limitations, the date of accrual of the claim for statute of limitations purposes is subject to equitable doctrines of tolling such as fraudulent concealment and equitable estoppel and legal principles applicable to tolling based upon duress. App. 13a. Thus, in an appropriate case, an "author" will be able to maintain his or her declaratory claim even though more than three years have passed since the work was created.

---

3. Congress could have carved out an exception to the statute of limitations for authorship claims. However, it did not do so in either the 1909 or 1976 Copyright Acts. 17 U.S.C. § 115(b) (1970); 17 U.S.C. § 507(b) (1995). In view of the specific constitutional grant of the power to Congress to limit the time of copyrights, it would be a violation of the Constitution and the doctrine of separation of powers for this Court to create a judicial exception by adopting Petitioners' interpretation.

The expansive interpretation of the Copyright Act statute of limitations urged by Petitioners would grant an "author" the right to seek a declaration of copyright ownership at any time during the life of the copyright. Consequently, under Petitioners' view, a claim of authorship for copyright purposes could be made during the putative author's entire lifetime plus 50 years or, in the case of a joint work, the life of the last surviving author plus 50 years. 17 U.S.C. § 302(a) (term of copyright under the current Copyright Act is "the life of the author and fifty years after the author's death."); 17 U.S.C. § 302(b) (term of joint work copyright under the current Copyright Act is "the life of the last surviving author and fifty years after such last surviving author's death.").

Indisputably, the unlimited time period urged by Petitioners would be contrary to and violate the limited constitutional grant of power to Congress to "*secur[e] for limited Times to Authors* . . . the exclusive right to their respective Writings. . ." (Emphasis added). U.S. Const. Art. 8, § 8, cl. 8. With respect to declaratory judgment claims seeking a declaration of authorship of a copyrightable work, Petitioners' interpretation would vitiate the statute of limitations. Moreover, Petitioners' interpretation would create

> the anomaly of a distinct class of actions subject to no limitation whatever, — a class of privileged plaintiffs who, in this particular, are outside the pale of the law, and subject to no limitation of time in which they may institute their actions.

Campbell v. City of Haverhill, 155 U.S. 610, 616 (1895). Petitioners have not provided any authority or articulated any genuine and substantial public policy reason why authorship claims should be governed by such an exceptional rule.

An *unlimited* right to make a claim for declaration of authorship would undermine well settled public policy underlying legislative determinations embodied in statutes of limitations.

> Statutes of limitations, which 'are found and approved in all systems of enlightened jurisprudence,' . . . represent a pervasive legislative judgment that it is unjust to fail to put the adversary on notice to defend within a specified period of time and that 'the right to be free of stale claims in time comes to prevail over the right to prosecute them' . . . . These enactments are statutes of repose; and although affording plaintiffs what the legislature deems a reasonable time to present their claims, they protect defendants and the courts from having to deal with cases in which the search for truth may be seriously impaired by the loss of evidence, whether by death or disappearance of witnesses, fading memories, disappearance of documents, or otherwise. . . . (Citations omitted).

United States v. Kubrick, 444 U.S. 109, 117 (1979). The expansive and unlimited rule urged by Petitioners would nullify these well settled and fundamental public policies.

Furthermore, under Petitioners' proposed rule, putative authors would have a great incentive to delay bringing their claims until after large amounts of money have been spent by others developing a work and making it successful and key witnesses or unfavorable evidence becomes unavailable. Public policy does not favor opening the door to such claims and permitting another to reap all of the benefits without any risk in the face of the great potential for fraud and miscarriage of justice.

Therefore, the three year statute of limitations contained in 17 U.S.C. § 507(b) of the current Copyright Act and 17 U.S.C. § 115(b) of the 1909 Copyright Act are constitutional. The determination by the Circuit Court below that the plain meaning of the Copyright Act statutes of limitation limit declaratory judgment actions seeking a declaration of authorship in a copyrightable work to actions commenced within three years after the claim accrued does not render these statutes unconstitutional.

Accordingly, Petitioners have not raised a constitutional question. Therefore, the Writ of Certiorari should be denied.

III.

THE CONSTITUTION DOES NOT LIMIT COPYRIGHT PROTECTION TO "AUTHORS".

Petitioners next argue that "the Copyright Law expressly limits copyright protection in a work to its true authors." Petition at 9. This claim is unfounded.

Contrary to Petitioners' contention, it is clear that the Copyright Act specifically permits copyright ownership and protection to a variety of persons who are not "true authors".

The term "author" is not defined in either the 1909 Copyright Act or the current Copyright Act. 17 U.S.C. § 1 *et seq.* (1970); 17 U.S.C. § 101 *et seq.* (1995). However, this Court has stated as follows concerning the definition of "author" in the context of copyright:

> While an 'author' may be viewed as an individual who writes an original composition, the term, in its constitutional

> sense, has been construed to mean an 'originator,' 'he to whom anything owes its origin.' (Citation omitted).

Goldstein v. California, 412 U.S. 546, 561 (1973). Using the *Goldstein* definition of "author", it is absolutely indisputable that for copyright purposes persons other than "authors" can own copyrights and are entitled to the protection of the Copyright Act.

The current Copyright Act provides in relevant part:

> (1) The ownership of copyright may be transferred in whole or part to anyone by any means of conveyance or by operation of law, and may be bequeathed by will or pass as personal property by the applicable laws of intestate succession.
>
> (2) . . . The owner of any particular exclusive right is entitled, to the extent of that right, to all of the protection and remedies accorded to the copyright owner by this title.

17 U.S.C. § 201(d)(1-2).[4] Thus, under these provisions, a person who is not the "true author" may obtain copyright protection and exercise the exclusive rights of copyright owners.

Therefore, there is no legitimate basis for Petitioners' claim that the Copyright Act protections are expressly limited to "true authors".

---

4. Petitioners do not claim that these statutory provisions are unconstitutional.

IV.

THE INTEREST OF PRESERVING THE INTEGRITY OF THE COPYRIGHT OFFICE RECORDS DOES NOT JUSTIFY AN UNLIMITED RIGHT TO OBTAIN A DECLARATION OF AUTHORSHIP.

Petitioner further argues that an author should have an *unlimited* right to obtain a declaration of authorship in order to insure that the Copyright Office records are "complete and accurate as possible". Petition at 10-11.

More specifically, Petitioners claim that because Respondent Morris Levy was not the "true author" of the Song[5], allowing the Copyright Office records to list him as the author of the Song justifies an unlimited right to bring a proceeding to correct the records and thereby protect the integrity of the records. *Id.*

It is not necessary for notice purposes or the integrity of the Copyright Office records, as contended by Petitioners, to give putative authors or authors an unlimited right to obtain a declaration of authorship.[6]

---

5. However, it was not disputed that Respondent Morris Levy was a co-owner of the copyright in the Song. Mr. Levy obtained his rights by virtue of his acquisition of George Goldner's rights from co-author Frankie Lymon in 1964 and his independent acquisition in 1965 of rights directly from Frankie Lymon. (A-126, 233-35, 242-47, 271, 303-11).

6. With respect to the duration of copyright, third parties are fully protected because the copyright records will indicate an author thereby permitting the third parties to determine the duration of the copyright. 17 U.S.C. § 409(2) (an application for copyright registration shall include "the name and nationality or domicile of the author or authors, and if one or more of the authors is dead, the dates of their deaths").

(Cont'd)

Petitioners' argument ignores principal concerns of the Copyright Act. "[P]redictablity and certainty of copyright ownership" are paramount goals of the 1976 Copyright Act. *Community For Non-Violence v. Reed*, 490 U.S. 730, 749 (1989). Consequently, in furtherance of these goals, the *ownership* of the copyright, as opposed to the *authorship* of the copyrighted work, is the critical element of the registration and notice provisions of the current Copyright Act. The distinction is very significant. It is only the "owner of copyright" (who may or may not be the author) who is granted the exclusive rights to exploit the copyright under the current Copyright Act. 17 U.S.C. § 106 (granting the "owner of copyright" specifically enumerated exclusive rights in copyrighted work). Under the rule advocated by Petitioners, however, Copyright Office records concerning either authorship or ownership would *not* be reliable or certain. Putative authors and authors could raise authorship and ownership claims at any time during the life of the copyright. Petitioners' proposed rule would actually nullify the notice feature of copyright registration and render uncertain the status of copyright ownership during the life of the copyright.

Additionally, as explained above, the interpretation urged by Petitioners would vitiate the Copyright Act statute of limitations with respect to authorship claims. Point II, *supra*.

(Cont'd)

In this case the Song was copyrighted under the 1909 Copyright Act in 1956. Because the copyright to the Song was in its first term on January 1, 1978, the copyright was entitled to be renewed only for "a further term of 47 years". 17 U.S.C. § 304(a). Thus, whether or not Petitioners are listed as authors in the Copyright Office records, since the term of the copyright in this instance is not measured by the lives of the authors, the term of the copyright to the Song will not be effected by the listing or omission of Petitioners as authors in the Copyright Office records.

Accordingly, the alleged interest of the Copyright Office in preserving the integrity of its records as asserted by Petitioners is not a ground for creating a judicially made exception nullifying the Copyright Act statute of limitations in cases of claims for a declaration of authorship in a copyrightable work.

Therefore, the Writ of Certiorari should be denied.

V.

THE APPLICATION OF THE STATUTE OF LIMITATIONS BY THE CIRCUIT COURT IN THIS CASE IS NOT CONTRARY TO PRECEDENT.

Petitioners maintain that the decision of the Circuit Court below is contrary to "a century of precedent". Petition at 11-12. This claim is totally unfounded.

Petitioners dc not cite any case prior to 1994 in which a court was expressly requested to apply the Copyright Act or any other statute of limitations to a claim for a declaration of authorship. The sole case cited by Petitioners in support of their argument is *Jackson v. Axton*, 25 F.3d 884 (9th Cir. 1994). Petition at 12.

In *Jackson*, the court specifically declined to decide the case under the statute of limitations. *Id.* at 887, n. 2. The court found that the action was barred by the doctrine of laches. Thus, *Jackson* is inapposite and does not support Petitioners' argument.

The only two reported cases in which the applicability of the Copyright Act statute of limitations to a claim for a declaration of authorship was raised and decided are *Merchant v. Levy*, 92 F.3d 51 (2nd Cir. 1996) and *Zuill v. Shanahan*, 80 F.3d 1366 (9th Cir. 1996), *petition for cert. filed,* 65 U.S.L.W.

3085 (U.S. July 10, 1996).[7] Under both decisions, Petitioners' claim is time barred. *Id.*

Consequently, Petitioners' claim that the decision of the Circuit Court is contrary to "a century of precedent" is baseless.

Therefore, the Writ of Certiorari should be denied.

VI.

THE APPLICATION OF THE STATUTE OF LIMITATIONS BY THE CIRCUIT COURT IN THIS CASE DOES NOT CREATE A CONFLICT IN THE CIRCUITS.

Petitioners' last argument is that the decision of the Circuit Court below created a conflict in the circuits concerning the application of the Copyright Act statute of limitations to claims seeking a declaration of authorship. Petition Point II. This argument is meritless.

In support of their argument, Petitioners cite *Goodman v. Lee*, 78 F.3d 1007, *cert. denied*, __ U.S. __, 117 S. Ct. 166 (1996) as creating a conflict in the circuits concerning the applicable statute of limitations to cases seeking a declaration of authorship. Petitioners' reliance on *Goodman* is totally misplaced.

Goodman did *not* involve the question of the statute of limitation applicable to the claim for declaration of authorship. Rather, in pertinent part, that decision was limited to the interpretation of the applicable statute of limitation for the

---

7. In the District Court in this action, in an unreported decision, District Judge Vincent Broderick held that "the three year statute of limitations provided in 17 U.S.C. § 507(b) is applicable to both of plaintiffs' [Petitioners'] claims and that these claims did not accrue until plaintiffs [Petitioners] knew or had reason to know of the injury that is the basis of this action." App. 56a.

remedy of an accounting *after* it was already determined that the plaintiff was a co-author of the song in issue in that case. 78 F.3d at 1012. *Goodman* determined that the Louisiana state statute of limitations applied to the common law remedy of an accounting between co-owners of copyright. *Id.* This holding was consistent with well settled precedent holding that an action for damages between co-owners of copyright is limited to an accounting under state law. *See Oddo v. Reis*, 743 F.2d 630, 633 n. 2 (9th Cir. 1984); *Korman v. Iglesias*, 736 F. Supp. 261, 265 (S.D. Fla. 1990); *Harrington v. Mure*, 186 F. Supp. 655, 658 (S.D.N.Y. 1960); *Jerry Vogel Music Co., Inc. v. Miller Music, Inc.*, 272 App. Div. 571, 74 N.Y.S. 2d 425 (1st Dept. 1947), *aff'd*, 299 N.Y. 782, 87 N.E. 2d 681 (1949); *Kapplow v. Arelard Schulman Limited*, 21 Misc. 2d 306, 193 N.Y.S. 2d 931 (Sup. Ct. N.Y. Co. 1959); *Mountain States Properties v. Robinson*, 771 P.2d 5, 7 (Col. App. 1988). Consequently, *Goodman* is totally inapposite concerning the applicability of either the state or federal statute of limitations to a declaratory judgment action seeking a declaration of authorship to a copyrightable work.

Therefore, contrary to Petitioners' claim, *Goodman* does *not* create a conflict in the circuits concerning the statute of limitations applicable to claims seeking a declaration of authorship.

The only two circuits that have ruled directly on this issue are in *agreement* that the federal Copyright Act statute of limitations applies to such claims. *Merchant v. Levy*, 92 F.3d 51 (2nd Cir. 1996); *Zuill v. Shanahan*, 80 F.3d 1366 (9th Cir. 1996), *petition for cert. filed*, 65 U.S.L.W. 3085 (U.S. July 10, 1996).

Accordingly, there is no bona fide ground for granting the Writ of Certiorari based upon the alleged conflict in the circuits.

CONCLUSION

There is no constitutional question involved.

There is no conflict among the federal circuit courts.

There is no conflict between any lower court decision and Supreme Court precedent.

There is no important issue of federal law with practical consequences that requires resolution by the Supreme Court.

Therefore, and based upon the foregoing, the requested Writ of Certiorari should be *denied.*

Respectfully submitted,

LEON BAER BORSTEIN
Counsel of Record
JAMES B. SHEINBAUM
BORSTEIN & SHEINBAUM
Attorneys for Respondents
Morris Levy, Big Seven Music Corp.
and Roulette Records, Inc.
420 Lexington Avenue
Suite 2920
New York, New York 10170
(212) 687-1600